



Daily Report

China

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CONTENTS

5 December 1989

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Isolated Diplomatic Position Viewed <i>[Hong Kong CHENG MING 1 Dec]</i>	1
Beijing Residents Support Asian Games Projects <i>[XINHUA]</i>	2

Soviet Union

Amity Group's Visit to USSR Reported <i>[XINHUA]</i>	2
NPC's Wang Hanbin Meets Lawyers Delegation <i>[XINHUA]</i>	2
Bus Service to Soviet Cities Increased <i>[XINHUA]</i>	2

Northeast Asia

Sichuan Vice Governor Meets Hiroshima Guests <i>[Chengdu Radio]</i>	3
Jiang Zemin Meets Japanese Media Delegations <i>[Beijing Radio]</i>	3
DPRK Provincial Delegation Visits Liaoning <i>[LIAONING RIBAO 9 Nov]</i>	3

Southeast Asia & Pacific

Foreign Ministry Delegation Arrives in Jakarta <i>[XINHUA]</i>	3
Ren Jianxin Calls on Philippine Chief Justice <i>[XINHUA]</i>	4
Newspapers View Philippine Coup Attempt	4
TA KUNG PAO Column <i>[2 Dec]</i>	4
WEN WEI PO Editorial <i>[2 Dec]</i>	5
Article Praises Lao Reform Results <i>[RENMIN RIBAO 1 Dec]</i>	6

Near East & South Asia

Group Attends Administration Meeting in Nepal <i>[XINHUA]</i>	7
Educational Cooperation With Nepal To Expand <i>[XINHUA]</i>	7
Nepalese Trade Delegation Visits Tibet <i>[XINHUA]</i>	8
Pakistan Official on Joint-Nuclear Agreement <i>[XINHUA]</i>	8
Pakistani Delegation Visits Liaoning <i>[LIAONING RIBAO 7 Nov]</i>	8

Sub-Saharan Africa

Further on Li Tieying Central African Tour	8
Interviewed in Brazzaville <i>[XINHUA]</i>	8
Returns From Tour <i>[XINHUA]</i>	9
NPC's Ni Zhifu Meets Malagasy Trade Delegation <i>[XINHUA]</i>	9
Ambassador Delivers Aid to Madagascar <i>[Beijing Radio]</i>	9

Latin America & Caribbean

Venezuelan President Receives CPC Delegation <i>[XINHUA]</i>	9
Argentine-Chinese Vessel Sinks Off Argentina <i>[XINHUA]</i>	9

NATIONAL AFFAIRS

Political & Social

Zhao Ziyang Hospitalized With Heart Ailment <i>[Hong Kong SOUTH CHINA MORNING POST 5 Dec]</i>	10
NPC Standing Committee Members Make Inspections	10
Objectives of Tours <i>[XINHUA]</i>	10
Li Peng Leads Tour to Hainan <i>[Haikou Radio]</i>	10
Hainan Officials Meet Li <i>[Haikou Radio]</i>	11
Series Continues on Jiang's National Day Speech	11
Private Economy Discussed <i>[JIEFANGJUN BAO 9 Nov]</i>	11
Income Distribution Viewed <i>[JIEFANGJUN BAO 9 Nov]</i>	12
Industrial Restructuring <i>[JIEFANGJUN BAO 9 Nov]</i>	13
Democratic Dictatorship Viewed <i>[JIEFANGJUN BAO 9 Nov]</i>	15
Article Contrasts 1976, 1989 Incidents <i>[GUANGMING RIBAO 17 Nov]</i>	16
LIAOWANG on New Policy for Graduates <i>[20 Nov]</i>	17
Wu Xueqian Attends Shenzhen Opening of Diorama <i>[XINHUA]</i>	20
State Council Office on Fiscal Inspections <i>[XINHUA]</i>	20
State Council Group Investigates Drug Market <i>[XINHUA]</i>	20
Song Jian Cites 'Raids' on Shoddy Manufacturers <i>[CHINA DAILY 25 Nov]</i>	21
Official Says Bonuses To Remain Next Year <i>[XINHUA]</i>	21
Commentary Views Improving Grass Roots Building <i>[JIEFANGJUN BAO 30 Oct]</i>	22
Medical Experts Warn Public About AIDS <i>[XINHUA]</i>	23
Ministry Says Venereal Disease Increasing <i>[XINHUA]</i>	23
Policy Change Encourages Choosing Own Jobs <i>[CHINA DAILY 29 Nov]</i>	23
Paper Carries QIUSHI 23 Table of Contents <i>[RENMIN RIBAO 30 Nov]</i>	24
Correction to Commentator Views Ideological Work	24

Science & Technology

Translation Software Attracts Foreign Buyers <i>[BEIJING REVIEW 4-10 Dec]</i>	24
Article Views Progress of 'Spark' Program' <i>[LIAOWANG 13 Nov]</i>	25

Military

Army Paper Editorial Urges Unity <i>[JIEFANGJUN BAO 11 Nov]</i>	29
Article Considers Strategic Development <i>[JIEFANGJUN BAO 10 Nov]</i>	30

Economic & Agricultural

Commerce Vice Minister Discusses Market Demand <i>[XINHUA]</i>	32
Investment Cuts in Fixed Assets Recorded <i>[XINHUA]</i>	33
Registration of Foreign Exchange Loans Outlined <i>[RENMIN RIBAO 13 Nov]</i>	33
Foreign-Funded Enterprises Report Profits <i>[XINHUA]</i>	34
Bank To Loan 13 Billion Yuan for Construction <i>[XINHUA]</i>	35
Trade Leaders Join Business School Board <i>[CHINA DAILY (BUSINESS DAILY) 27 Nov]</i>	35
Coal Industry Meeting Stresses Science, Technology <i>[XINHUA]</i>	36
Fiberglass Reinforced Plastic Products Developed <i>[XINHUA]</i>	36
Article Urges Correct Understanding of Economy <i>[RENMIN RIBAO 17 Nov]</i>	37
Article Stresses Need for Planned Economy <i>[GUANGMING RIBAO 11 Nov]</i>	39
Article Urges Enterprise Development <i>[RENMIN RIBAO 20 Nov]</i>	40
Article Offers Solutions for Fund Shortages <i>[JINGJI GUANLI No 9]</i>	42
Tian Jiyun Views Scientists' Role in Agriculture <i>[XINHUA]</i>	45
Song Ping Visits Water Conservancy Exhibition <i>[Beijing TV]</i>	47
Minister Urges Chemical Fertilizer Production <i>[XINHUA]</i>	47
Ratooning Rice Development To Increase Output <i>[XINHUA]</i>	47

REGIONAL AFFAIRS

East Region

Anhui's Fu Xishou on Studying Jiang's Speech	<i>[FUJIAN RIBAO 29 Oct]</i>	48
Anhui Reviews Results of Retrenchment Efforts	<i>[Hefei Radio]</i>	49
Shandong Holds Report Meeting on CPC Leadership	<i>[Jinan Radio]</i>	49
Shandong Corporate Rectification Meeting Ends	<i>[Jinan Radio]</i>	50

Central-South Region

Guangdong Seventh Women's Congress Ends 25 Nov	<i>[Guangzhao Radio]</i>	51
Guangdong Province Market Situation Analyzed	<i>[YANGCHENG WANBAO 16 Nov]</i>	51
Guangdong Faces Growing Unemployment	<i>[CHINA DAILY 29 Nov]</i>	52
Hainan CPC Committee Work Conference Ends 22 Nov	<i>[Haikou Radio]</i>	52
Henan Launches Campaign Against Six Vices	<i>[Zhengzhao Radio]</i>	53
Hunan Marks Anniversary of Liu Shaoqi's Birthday	<i>[Changsha Radio]</i>	54

Southwest Region

Sichuan Leader Addresses Provincial Party Meeting	<i>[Chengdu Radio]</i>	54
Commentary Warns Against Splittism in Tibet	<i>[Lhasa Radio]</i>	55
Yunnan Governor Outlines Economic Problems	<i>[Kunming Radio]</i>	55

North Region

Hebei CPC Committee Appoints, Releases Officials	<i>[HEBEI RIBAO 3 Nov]</i>	56
Inner Mongolia Concludes CPC Meeting 24 Nov	<i>[Hohhot Radio]</i>	56

Northeast Region

Sun Weiben Attends Heilongjiang Plenum Opening	57
Leaders Report	<i>[Harbin Radio]</i>	57
Plenum Continues	<i>[Heilongjiang Radio]</i>	58
Jilin CPC 4th Plenary Session Ends 1 Dec	<i>[Changchun Radio]</i>	59
Liaoning Secretary Visits Iron, Steel Company	<i>[Shenyang Radio]</i>	60

Northwest Region

Gansu People's Congress Studies Plenum Spirit	<i>[Lanzhou Radio]</i>	60
Gansu Governor Addresses Work Conference	<i>[Lanzhou Radio]</i>	61
Qinghai Reports Grain Procurement	<i>[Xining Radio]</i>	61
Shaanxi CPC Committee Holds Plenary Session	<i>[Xian Radio]</i>	62
Xinjiang Secretary Visits Hospitalized Worker	<i>[Urumqi Radio]</i>	62

PRC MEDIA ON TAIWAN AFFAIRS

Radio Talk Criticizes Diplomatic Measures	<i>[Beijing Radio]</i>	64
Radio Commentator Views Taiwan Elections	<i>[Beijing Radio]</i>	65

TAIWAN

Li Huan Says Government to Strengthen Reforms	<i>[CNA]</i>	66
Further on Election Results, Disputes	<i>[Taipei International]</i>	66
Li Huan Stresses Importance of Economic Progress	<i>[CNA]</i>	66
Officials Criticize 'New Country' Movement	<i>[CHINA POST 21 Nov]</i>	67
Mainland People Urged To Resist Communist Rule	<i>[Taipei Radio]</i>	67
Taiwan Dissident Leader Sent Back to U.S.	<i>[Taipei International]</i>	68
Commentary Compares Soviet, PRC Reform Policies	<i>[Taipei International]</i>	68

HONG KONG & MACAO

Youth Exchanges With PRC Resume	<i>[HONGKONG STANDARD 28 Nov]</i>	69
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General

Isolated Diplomatic Position Viewed

HK0512054989 Hong Kong CHENG MING in Chinese
No 146, 1 Dec 89 pp 11-12

[Article by special correspondent Chang Chuan: "The CPC is in an Extremely Awkward Position Diplomatically"]

[Text] While meeting with Kim Il-song who paid a secret visit to Beijing recently, Deng Xiaoping admitted that it was an unwise decision to use the Army to suppress the people's movement.

Overweening and with limited talent and learning, Li Peng has run into snags after taking charge of diplomatic work. He is also trying to prevent diplomatic personages from "betraying the country." He is indeed in a terrible fix...

The Number of Diplomatic Defectors Increases to 75

The cadres accompanying Li Peng on visits abroad know that he does not have enough good manners before foreign guests. He is stiff with others and also poor in expression. While answering questions raised by reporters and guests, he usually makes impertinent remarks and even talks nonsense. All this is related to his limited knowledge, rigid thinking, and sense of superiority. However, it is indeed strange that such a person has become a premier who is also in charge of diplomatic work.

Li Peng has run into snags and has been foiled everywhere ever since he took charge of diplomatic work. He is indeed in a terrible fix. Apart from settling the internal disputes among diplomatic personages and soothing the complaints against him, Li also had to prevent defections from the diplomatic personages. To date, the number of diplomatic defectors, including the two from Pakistan, totals 75.

There is an interesting story: A diplomatic official was on a business tour. The airplane arrived 10 minutes earlier while the person assigned to receive him was late. As the person failed to receive the diplomatic official, he was flustered. He immediately reported the situation by telephone which led to tension in the embassy... Actually, it was just a false alarm.

Monthly Salary of Ambassador is \$300

As the working personnel of the embassies are all well-educated and know more about the outside world, they are fully aware that the CPC has entered a blind alley following the 4 June incident. However, many of them have no choice but to stay or they are waiting for an opportunity (to flee or wait for a change in the mainland situation). Although they know that their remuneration is low, they have to lead a life falling short of the best but better than the worst. Of the diplomatic personages sent by the United States to Southeast Asia, the monthly salary of a first secretary is \$4,600. They can bring their wives and children and enjoy the benefits of free

housing, two private cars, and two vacations a year. However, the monthly salary of Chinese diplomatic personages at the same level is only around \$200. They cannot take their children with them and their wives are regarded as nonstaff members. Apart from their salary, they can also get an extra \$80. Even the monthly salary of the ambassador is a little more than \$300. In the past (before September), the diplomatic personages could take home 4 electric appliances which are exempted from customs duties. The electric appliances are transferable so they can earn an extra \$100 to \$300 from each article. According to a revised customs regulation, commencing September, they are only allowed to take home two electric appliances. These personages complained a lot against this move.

Nevertheless, the Foreign Ministry is still regarded as a "department offering best employment opportunities" on the mainland. So long as there is an opportunity to go abroad, people vie with one another. The wife of a friend was a nonstaff member. As she could not find a person to look after the family and children, she gave up the opportunity to go abroad. Everyone said that she was silly for losing the good opportunity to earn \$250. Compared with the posts of other departments, the Foreign Ministry can be regarded as a paradise for intellectuals. Naturally, if the situation in the mainland deteriorates and the pressure on diplomatic personnel increases, it will be difficult to check the increasing number of "defectors."

Deng Xiaoping Tells Kim Il-song About the Experience of "Quelling the Rebellion"

Economic difficulty is a knotty problem for Li Peng. Moreover, the knot is further tightened because of the diplomatic isolation. It seems that Li Peng's visit to the three South Asian countries to canvass support will also be of no avail. As a matter of fact, there are only North Korea and Romania which are still "friends and brothers" of the CPC.

During his visit to Beijing, the topic of Kim Il-song's conversation involved dealing with "liberalization."

Although the CPC is shouting daily about the quelling of the counterrevolutionary rebellion and the correctness of the armed suppression, it had to consider whether the armed suppression is suitable because of the tremendous change which has taken place in East Europe over the past few months. While meeting with Kim Il-song, both Deng Xiaoping and Jiang Zemin stressed the necessity of taking the initiative to avoid the problems from being aggravated. Although the use of Armed Forces cannot be ruled out, it is not a wise move.

Kim Il-Song hastily arrived in Beijing to find out the situation of the CPC on the eve of the convocation of its Fifth Plenary Session. It has been reported that Deng Xiaoping tactfully advised Kim Il-song: "Take the initiative to grasp the crucial point of the problems." His

remark referred to appropriately settling the reunification of North and South Korea and the problems of North Korea.

In fact, both China and North Korea have hard nuts to crack.

Qiao Shi Arrives in Romania for Secret Talks

On behalf of the Romanian Party Central Committee, a ministerial level official of the Romanian Party Central Committee secretly arrived in Beijing following the 5th Plenary Session of the 13th CPC Central Committee to hand a personal, hand-written message by General Secretary Ceausescu to the CPC Central Committee. Romania intended to sponsor a world communist conference in Bucharest and thus solicited opinions of the CPC.

Although Romanian General Secretary Ceausescu openly expressed that the country will adhere to the socialist road and Marxism-Leninism, the Chinese delegation invited to attend the 14th Congress of the Romanian Communist Party will take a low profile in view of the changes that have taken place in East Europe.

The Political Bureau held two temporary meetings on 13 and 16 November, respectively to discuss the current situation in East Europe and decide on the principle and policies toward the Romanian party. According to the latest information, although Romania proposed holding a conference of communist parties of socialist countries on upholding Marxism and resisting "spiritual pollution" from the West and the United States, the CPC insisted that the time was not ripe. On behalf of the CPC Central Committee, Qiao Shi will arrive in Romania to hold secret talks with the Romanian party.

Beijing Residents Support Asian Games Projects

*OW2611212589 Beijing XINHUA in English
1513 GMT 26 Nov 89*

[Text] Beijing, November 26 (XINHUA)—Beijing is to see the opening of the 11th Asian Games in right 300 days [as received], and many Beijing residents show their welcome by carrying out various activities today.

This morning, more than 25,000 young people from 42 bureaus, companies and the martial law enforcement troops went to the construction site of the Asian Games village in a northern suburb of the city to offer voluntary labor.

In Qianmen Street beside Tiananmen Square and Wangfujing shopping street, staffers of the Asian Games fund sold lotteries to passers-by, and sitting beside them were famous Chinese athletes such as Chen Longcan, Xu Yanmei, Xiong Ni, Huang Xiaomin and some film stars, autographing lotteries for buyers.

In Yuetan gymnasium, 2,400 people from the city's commercial departments listened to a report on the

Asian Games by Zang Hongge, member of the organizing committee for the games on ensuring supplies for the games.

In the meeting room of the airlines' company, air service personnel gathered to exchange experiences of high-quality service.

Beijing residents have deemed it an honor to be able to do their bit for the Asian Games. In the following 300 days, more and more people will do what they can to ensure a big success of the games.

Soviet Union

Amity Group's Visit to USSR Reported

*OW0212130089 Beijing XINHUA Domestic Service
in Chinese 0547 GMT 1 Dec 89*

[Text] Moscow, 30 Nov (XINHUA)—A group from the China Association for International Friendly Contacts visited Moscow and Leningrad from 20-30 November at the invitation of the Moscow Cultural Foundation.

During the visit, the Chinese amity group had extensive contacts with well-known people from Soviet political, cultural, artistic, and academic circles. The group was accorded a warm welcome. The group was received by Bisaiier [as received] [3024 6357 1422], deputy chairman of the Council of Nationalities of the USSR Supreme Soviet, Secretary [Yuriy] Karabasov of the Moscow City CPSU Committee, and Raisa Gorbachev on separate occasions.

NPC's Wang Hanbin Meets Lawyers Delegation

*OW0112121389 Beijing XINHUA in English
1126 GMT 1 Dec 89*

[Text] Beijing, December 1 (XINHUA)—Wang Hanbin, vice-chairman of China's National People's Congress (NPC) Standing Committee, met with a delegation from the Soviet Lawyers Association led by its chairman J. A. Voskresenskiy here this afternoon.

The delegation arrived in Beijing today for a 9-day visit to China.

Bus Service to Soviet Cities Increased

*OW0412102989 Beijing XINHUA Domestic Service
in Chinese 1125 GMT 30 Nov 89*

[By reporter Liu Guangnian]

[Text] Urumqi, 30 Nov (XINHUA)—International bus service between China's Yining and the Soviet Union's Panfilov, which began operating early this year, transported more than 33,000 Chinese and Soviet passengers across the border between 3 and 10 November. Since the bus service began, it has provided great convenience to the friendly intercourse between the people of the two

countries. The bus service was recently increased from one to three runs daily to satisfy the needs of travellers of the two countries.

It was learned that highway transportation departments are making efforts to ensure that bus drivers and conductors are properly trained and buses are properly maintained in order to ensure 100 percent punctuality.

Northeast Asia

Sichuan Vice Governor Meets Hiroshima Guests

HK0512033089 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 27 Nov 89

[Text] Yesterday morning, at the provincial government complex, Vice Governor Jin Hongsheng met with a nine-member project-negotiation delegation from Hiroshima County in Japan, headed by (Masashi Yamada), director of the Department of Commerce, Industry, and Labor for Hiroshima County, Japan.

Vice Governor Jin Hongsheng said: Five full years have passed since the establishment of friendly relations between our two sides, and so we have become old friends now. I hope your current visit to my province will expedite cooperation between us in scientific and technological education and, especially, in the economic field.

On the same occasion, Vice Governor Jin Hongsheng also extended congratulations to the magistrate of Hiroshima County on his reappointment and handed to the Japanese guest congratulatory letters from Governor Zhang Haoruo and chairman of the provincial People's Congress Standing Committee He Haoju.

Present at the meeting were Li Changchun, director of the provincial Foreign Affairs Office, and Lu Tiecheng, chairman of the provincial Education Commission.

Jiang Zemin Meets Japanese Media Delegations

OW0512063089 Beijing Domestic Service in Mandarin
1030 GMT 10 Nov 89

[From the "National Hookup" program]

[Text] General Secretary Jiang Zemin of the CPC Central Committee met at Zhongnanhai this morning with a Japanese NHK delegation headed by its President Keiji Shima and a JIJI PRESS delegation headed by its President Kazuo Harano. He had a friendly conversation with them.

DPRK Provincial Delegation Visits Liaoning

SK3011043689 Shenyang LIAONING RIBAO
in Chinese 9 Nov 89 p 4

[Text] At the invitation of the Liaoning Provincial People's Government, the seven-member delegation of North Pyongan Province of the DPRK, which is headed

by Yi Song-ok, executive member of the North Pyongan Provincial Worker's Party of Korea Committee and vice chairman of the provincial administrative and economic guidance committee, successfully concluded its goodwill visit in Liaoning Province and left the city of Dandong for home on 8 November.

The DPRK provincial goodwill delegation arrived in the city of Shenyang on 28 October. During their visit to Shenyang, these Korean noble guests were received and feted by Chen Suzhi, member of the Liaoning Provincial Party Standing Committee and vice governor of the province. They paid a friendly visit to the cities of Shenyang, Dalian, and Dandong in the province and paid an observation visit to Beijing Municipality.

Upon its departure from the city of Dandong, the Korean delegation was seen off at the end of Yalu River bridge by Zhang Zhong, vice mayor of Dandong city, and Sui Xudong, deputy director of the provincial foreign affairs office.

Southeast Asia & Pacific

Foreign Ministry Delegation Arrives in Jakarta

OW0512095589 Beijing XINHUA Domestic Service
in Chinese 1633 GMT 4 Dec 89

[By reporter Li Yongming (2621 3057 2494)]

[Text] Jakarta, 4 Dec (XINHUA)—A Chinese delegation arrived at Jakarta Sukarno-Hatta International Airport this evening. They came to the Indonesian capital of Jakarta to discuss normalization of relations between China and Indonesia.

The 10-member delegation is led by Xu Dunxin, assistant minister of foreign affairs and concurrently director of the Department of Asian Affairs under the Ministry of Foreign Affairs. They were met at the airport by Louhanapessy [as received], director of the Department of Political Affairs under the Indonesian Ministry of Foreign Affairs, who heads the Indonesian delegation, and other officials.

This was the first time in 22 years since China severed diplomatic relations with Indonesia on 30 October 1967 that it has sent a delegation to Jakarta to hold talks with Indonesia on normalizing relations between the two countries.

At the press conference held at the airport, head of the Chinese delegation Xu Dunxin said: Indonesian President Suharto and Chinese Foreign Minister Qian Qichen settled major and principal matters pertinent to normalization of relations between China and Indonesia when they met in Tokyo back in February this year. The process of normalizing relations between the two countries has already begun. The current meeting, therefore, is chiefly to solve technical issues. He believed that, as

long as the two countries were willing to cooperate and work together, those issues would be solved without much difficulty.

Head of the Indonesian delegation Louhanapessy told this reporter: The issues to be discussed are not difficult to solve. We shall try to solve them at once, without spending too much time.

He indicated that he is full of confidence about the prospect for the meeting.

Ren Jianxin Calls on Philippine Chief Justice

*OW0412170989 Beijing XINHUA in English
1451 GMT 4 Dec 89*

[Text] Manila, December 4 (XINHUA)—Ren Jianxin, president of the Supreme People's Court of China, today called on Marcelo B. Fernan, chief justice of the Supreme Court of the Philippines, and they had a friendly and cordial talk.

Ren Jianxin extended congratulations to the Filipino people on their victory won under the leadership of President Corazon Aquino in crushing a new coup.

Fernan expressed deep thanks to Ren for his good wishes and promised to convey his wishes to President Aquino.

The Chinese guest also praised the recently concluded conference of chief justices of Asia and Western Pacific as a "most successful conference" and thanked the Philippine Supreme Court for its contributions to the conference.

Ren Jianxin expressed the hope that the judicial workers of China and the Philippines would strengthen friendly contacts and cooperation between them.

Chief Justice Fernan also lauded the good relations between the judiciaries of the Philippines and China.

He said that he is looking forward to visiting China in April next year and attending the 14th conference on the law of the world sponsored by World Peace Through Law Center.

He said that he would like to become one of the persons of the panel judges in the mock trial to be organized by the World Peace Through Law Center during the conference in Beijing.

The chief justices of the two countries discussed the management system of judges and the continuing education of judges in their respective countries.

Fernan presented a book he wrote on the judicial system in the Philippines to Ren Jianxin.

Ren also reciprocated a set of materials on China's judicial system to Fernan who immediately instructed his assistant to display the documents in the library of the supreme court.

Then in the company of Fernan and other Philippine justices, Ren Jianxin and his party visited the court session hall and the library of the supreme court.

President Ren Jianxin had come here to attend the third conference of chief justices of Asia and the Western Pacific from November 27 to December 1. He leaves here by air for home tomorrow morning.

Newspapers View Philippine Coup Attempt

TA KUNG PAO Column

*HK0212081289 Hong Kong TA KUNG PAO
in Chinese 2 Dec 89 p 2*

[Political Talk Column by Shih Chun-yu (2457 0689 3768); "Mrs Aquino Faces a Severe Test"]

[Text] Another military coup occurred in the Philippines, and the government of Corazon Aquino is facing another test. Since she took office in 1986, it was the sixth and also most serious military coup encountered by this president of housewife origin.

The rebel troops occupied a television station, some military camps, and airports and even bombarded the presidential mansion. Mrs Aquino thus asked the U.S. troops stationed in the Philippines to intervene in order to protect her government. Such events were not seen in the previous five military coups, and they indicated that the situation was rather desperate.

In the coup, those taking military action openly were some young officers. Then, who made the political plan behind the scenes? It was reported that the mutiny was engineered by Ver, a military strongman and former general chief of staff in the Marcos era. This man fled in panic with Marcos 4 years ago, and it was said that he had recently secretly returned to the Philippines. If that was true, Ver's return might greatly encourage Marcos' supporters in the military and political circles who always tried to take some action against the current government.

The mutiny occurred on Wednesday simultaneously in the suburbs of Manila and in other places of the country. This showed that the action was elaborately planned. The government television did not make public the events until Thursday evening and announced that the coup plot had been smashed. As a matter of fact, the activities of rebel troops were still escalating. They seized the air force headquarters early yesterday morning and then sent bombers to bombard the presidential house. Battles between the troops of both sides got more fierce and extended to the downtown area of the capital.

The rebel troops were able to continue their action for several days and even close in on the center of Manila from the outskirts of the city. This showed that Mrs Aquino had difficulties in controlling the situation, but as her government still enjoys the support of the United

States and the top level of the military, there should be no serious problem for the survival of her government.

After taking office, Mrs Aquino experienced a period of considerable turbulence. After the coup staged by Honasan was quelled, the situation began to become tranquil, and the country could concentrate on economic construction in a relatively stable environment for 2 years. During this period, although rumors about the possibility of coups appeared from time to time, such an event did not occur in reality. Mrs Aquino made many foreign visits with full confidence. Last month, she visited Canada and the United States. Eventually, the long-predicted coup occurred this week, and it reminded people that her government had not been firmly consolidated yet.

After her husband was murdered, Mrs Aquino enjoyed a high reputation and was elected after the rule of Marcos was toppled. For 3 and 1/2 years the Philippines made certain political and economic achievements, but quite a few defects in the leadership ability of Mrs Aquino were also exposed. She failed to control her aides and political partners who were involved in endless quarrels, and she was too hesitant in making decisions and too ambiguous in determining the policy orientation of her government. This may be the fatal defect of her political performances. This is related to both the objective constraints as well as her personality and ability.

Prices kept rising sharply (on Thursday when the news about the mutiny was first reported, over 10,000 people in Manila took to the streets to protest against the sharp rise in the fuel price); corruption could not be eliminated; Manila was facing a serious shortage of electric power; and the transport conditions continued to worsen. All this affected the people's confidence in the government.

The immediate cause of the mutiny was related to the reorganization of the police force. The police force is a special force managed by the military. It is both a military force and a police force, and has extensive powers. The government of Mrs Aquino tried to replace it with a nationwide police force managed by civilian officials and to exclude the original generals and officers from the new police force. This plan naturally impaired the vested interests of some people. So some armed policemen staged demonstrations in Manila and Cebu.

The negotiations on the future of the U.S. military bases in the Philippines, which have been discussed for a long time, will begin in mid-December in the Philippines. The occurrence of the mutiny at this moment had an unfavorable impact on the prestige of Mrs Aquino and also affected her position in the negotiations. Many people in the military feared that if the military bases are closed, the situation will become unfavorable to the effort to fight against the communist guerrillas in the Philippines.

This time, Mrs Aquino had to seek assistance from the American troops. This reflected the importance of the military presence of the United States in the Philippines,

and this event will certainly affect the bargaining position of both sides in the coming negotiations.

In India, Prime Minister Rajiv Gandhi encountered a failure in the general election and resigned from office. Rajiv Gandhi took office against a background quite similar to that of Mrs Aquino. He got power because he enjoyed the people's sympathy for his mother's assassination. Similarly, he lacked political experience and had the strong color of the middle class. In the past 5 years, Rajiv Gandhi's reputation kept waning, and this eventually led to his loss of power. The lesson should be taken as reference by Mrs Aquino.

WEN WEI PO Editorial

HK0212084689 Hong Kong WEN WEI PO
in Chinese 2 Dec 89 p 2

[Editorial: "Corazon Encounters Gravest Mutiny"]

[Text] After more than 3 years in office, Corazon Aquino has encountered the sixth and also the most serious mutiny. The leader of the mutiny is still [Col. Gregorio] Honasan. The present mutiny is the largest in size compared with the previous ones. More than 1,000 soldiers participated in the rebellion. They seized the air force bases in Manila and Cebu, and also bombarded the presidential house and the military headquarters. A strange fact was that the planes of the rebel forces could circle above the capital for a long time to show military muscle, while the government's air force simply looked on without taking action for 10 hours. Yesterday afternoon, Corazon Aquino could not but ask U.S. President Bush to dispatch F-16 fighters to assist the governmental troops and seize back the air domination of two bombers and one helicopter of the rebel force.

Without the intervention of the U.S. Air Force in the handling of the mutiny, it would be hard to imagine how the Philippine situation would develop.

Before the coup occurred, Honasan was interviewed by two Manila newspapers on 2 November. He still asserted that he had influence in the military forces and could stage another coup to terminate the "rampant corruption" and "anarchy" in the Philippines. Several days before the coup occurred, the authorities were aware of the possibilities, and the military forces were on the alert. It seemed that being different from other coup plots, this was a rather open coup attempt. Those who planned the coup could make preparations with no scruples, because they had certain social support.

Corazon Aquino succeeded in coming to power in the "February Revolution" in 1986 mainly because she enjoyed support from three forces, namely, the people, the military forces, and the ruling group.

Honasan was an important officer under Marcos and was rather influential among some young officers. Marcos discovered that Honasan was not faithful and reliable enough and transferred him to a less favorable

position. Honasan decided to change his allegiance and drove Marcos to the corner. Marcos was forced to flee the country in panic. Although Honasan opportunistically joined the "February Revolution," he was not highly valued by Corazon Aquino. Instead, the then chief of staff Ramos turned a cold shoulder to him. The factional conflicts inside the military forces were then intensified. Recently, Corazon Aquino planned to reorganize the police force and shift its main officers to other units. However, the senior officers opposed the plan to separate them from their troops. On 22 October, demonstrations occurred in some military camps near Manila and Cebu. Some senators also supported these activities which violated military discipline and opposed the plan to reorganize the military forces. This caused unrest in the political situation. Defense Minister Ramos stressed that no open demonstrations were allowed and those who violate this rule would be brought to the military court for trial. However, the chief of staff, General de Villa, assumed a comparatively moderate attitude, and even defended the demonstrating soldiers. De Villa said that the troops would not stage any coup. This showed that things inside the military forces were extremely complicated.

A split also appeared in the ruling alliance in the congress. The senate leader Mitila was forced to resign after being vexed by the inner-party struggle. In the south of the country, Muslim guerrillas and communist guerrillas again became active. Local landlords also expanded their private armed forces. Some landlords' private armed forces even had better weapons than the governmental forces. Corazon Aquino was facing a disintegrated condition of her power foundation and was mired in a difficult position.

The only hope cherished by Corazon Aquino was to develop the economy so as to stabilize the overall situation. In recent years, the Philippines recorded an economic growth rate of 6 percent. However, the inflation rate was as high as 13 percent. Only the upper class could enjoy the advantages of the economic growth, and the lower class gained little benefit. The gap between the rich and the poor was further widened. There were more than 3 million jobless people, and more than 7 million people could not work on a full-time basis. The land reform in the countryside also encountered obstruction, and the reform was controlled by the old ruling elite and local bureaucrats who overtly supported the reform but covertly undermined the reform. Opinion polls showed that the people were resentful against the phenomena of corruption similar to those in the Marcos era and that Corazon Aquino's reputation was on the wane. The president declared that she would terminate the corrupt practice in the officialdom and in the military, but this deepened the contradiction between her and those with vested interests and forced her to bear the brunt of the struggle.

Corazon Aquino issued orders to go all out to arrest Honasan who had staged several coups, but Honasan could still freely enter some military camps and give

seditious speeches to the soldiers. He could even return to his house in Manila and made his wife bear another child. With the support of the United States, Corazon Aquino will quell the current mutiny very soon. However, the mutiny shows that a substantive anti-government force exists in the Philippines and that the trial of strength has not come to an end yet.

Article Praises Lao Reform Results

*HK0412131689 Beijing RENMIN RIBAO in Chinese
1 Dec 89 p 7*

[Article by Li Ming (2621 2994): "Laos Scores Gratifying Results In Its Reform"]

[Text] Laos is an inland country situated in Indochina, with an area of 230,000 square km, and a population of more than 3.8 million. The country has moderate temperature, adequate rainfall, and abundant forest, water and mineral resources, which are unique natural conditions for economic development.

On 2 December, 1975, the Lao People's Democratic Republic was founded, and Lao people, under the leadership of the Lao People's Revolutionary Party, have since made great efforts in healing the wounds from war, in restoring their national economy, and in building socialism; they have scored obvious achievements. However, owing to the fact that the country had been ruled by imperialism and colonialism for a long time, and suffered impacts of damages by war, Laos' productivity has not attained the development it should have; its strong points have not come into full play, and its people's lives have improved only slowly, while its national economy is still in a self-contained condition.

In order to boost further development of its national economy, since 1986, the Lao Government has carried out an overall reform in mechanism for economic management and economic organs. The main contents are: It took development of productivity as the center and agriculture as the basis, progressively developed natural economy into commodity economy of various types, abolished bureaucratic management mechanism, and took into consideration the interests of the state and the workers. Facing the outside world, it practiced open door policy; attracted foreign capital, technologies and advanced management methods; and expanded foreign economic relations.

Over the past few years, the Lao Government adopted a series of concrete measures: Delegating rights in production and operation; practicing factory manager or manager responsibility system; carrying out price reform; adopting unified price system; improving taxation system; expanding the domain for waiving or reducing agricultural taxes; adjusting industrial, commercial, import and export taxes; improving circulation channel and reducing middle chains; implementing contracting system for exports; announcing law concerning foreign capital; and starting joint venture enterprises with foreign countries etc. Because the measures taken are

appropriate, the reform has scored initial results, the economic situation has become stabilized, and industry and agriculture have developed. Compared with 1975, the total industrial output value in 1988 increased by 340 percent, total agricultural output value increased by 270 percent, gross national product increased by 300 percent, national income increased by 200 percent, and total export value increased by 600 percent; there have been obvious improvements in the people's standard of living.

In the aspect of absorbing foreign capital, Laos has also scored initial results. Since the pronouncement of the Investment Law last year, up to now, a total of 124 applications involving foreign capital have been received, and 76 applications have been approved; the total amount of registered investment is about \$50 million.

The reform has brought about changes in Laos, adding to its opportunities and vitality. At present, constructions are everywhere in the capital, and the numbers of new shops and new apartments are increasing, while many new restaurants are opening for business. It is a vivid atmosphere and a prosperous scene.

The wise and diligent Lao people, under the leadership of the Lao People's Revolutionary Party, are fighting for more and increased opportunities in building socialism, reform and opening up.

Near East & South Asia

Group Attends Administration Meeting in Nepal
OW0512130089 Beijing XINHUA in English
1224 GMT 5 Dec 89

[Text] Kathmandu, December 5 (XINHUA)—The 13th General Assembly of the Eastern Regional Organization for Public Administration (EROPA) opened here today with a view to enhancing the scope and effectiveness of public management.

EROPA, an Asian organization of states, groups and individuals in the general area of Asia and the Pacific, came into being in 1960, in response to a common desire among developing countries to promote regional cooperation in improving knowledge, systems and practices of government administration to help accelerate economic and social development.

More than 100 delegates from 24 countries and regions, and four international organizations are attending the week-long assembly.

The Chinese delegation led by Vice-Minister of Ministry of Personnel Zhang Zhiqian is participating for the first time the EROPA General Assembly.

The participants will discuss public management in the 1990s: challenges and opportunities, crisis and disaster management, the cultural milieu of public management,

strengthening local level institutions, human resource development and managing economic and technological interdependencies.

In his inaugural address, Nepalese Prime Minister Marich Man Singh Shrestha said, "We are living in an age fraught with unprecedented changes and unforeseen challenges, which demand both imaginative and realistic solutions."

He hoped that this assembly will come out with practical suggestions to cope with the various problems being faced by the member states in the changing time.

At today's assembly, B.P. Dhital [as received], vice-chairman of the Nepalese National Planning Commission was elected president of the 13th general assembly, and Tan Sri Lee Alwi Jantan [as received], director general of Malaysian public service department, and Zhang Zhiqian, Vice-Minister of the Chinese Personnel Ministry were elected vice-presidents with a term of two years.

Educational Cooperation With Nepal To Expand
OW0512111389 Beijing XINHUA in English
1046 GMT 5 Dec 89

[Text] Kathmandu, December 5 (XINHUA)—Nepal and China agreed here this morning to expand cooperation in education, particularly in the higher-learning field.

The consensus was reached at a meeting between Nepalese Education and Culture Minister Parashu Narayan Choudhary and Vice-Chairman of China's State Education Commission Zhu Kaixuan.

They agreed that direct contact will be established between higher-learning institutes of the two countries and information in education exchanged on an irregular basis.

The Nepalese minister told Zhu that King Birendra asked the ministry to meet people's six basic needs by the turn of the century. Education is one of them, he added.

Zhu offered training of college teachers for Nepal in addition to offering scholarships to 20 students every year.

He invited officials from the Nepalese Education Ministry to visit China and granted 1,000 volumes of books on the Chinese language, history and literature to the Nepalese side.

Chinese universities and colleges have trained more than 150 Nepalese graduates and over 70 students are still studying there. Meanwhile, Nepal has provided scholarships to Chinese students. Now four Chinese students are studying in Nepal.

As the head of a five-member delegation, Zhu Kaixuan arrived in Kathmandu on Monday for a four-day visit to the Himalayan kingdom.

Nepalese Trade Delegation Visits Tibet

*OW0112164789 Beijing XINHUA in English
1452 GMT 1 Dec 89*

[Text] Lhasa, December 1 (XINHUA)—A Nepalese trade delegation headed by Damodar Gautam arrived here today on an official goodwill visit to Tibet.

The delegation was honored tonight at a welcoming ceremony presided over by Mao Rubai, vice-chairman of the people's government of the Tibet Autonomous Region.

During their six-day stay here, the visitors will hold talks with the Tibet Trade Delegation of China on bilateral trade and economic cooperation.

Pakistan Official on Joint-Nuclear Agreement

*OW0412184789 Beijing XINHUA in English
1655 GMT 4 Dec 89*

[Text] Islamabad, December 4 (XINHUA)—The signing of the agreement between Pakistan and China on the supply of a 300-megawatt nuclear power station is a landmark and significant development in transfer of technology to Pakistan, chairman of the Pakistan Atomic Commission Nunir Ahmed Khan said today.

Talking to reporters in Karachi, the largest city in Pakistan, Ahmed Khan said that the supply of the nuclear power station by China is a new start in Pakistan's nuclear program held in abeyance for the last several years.

The project was announced by Chinese Premier Li Peng when he visited Islamabad last month.

Ahmed Khan said that Pakistan's nuclear program was delayed because Western developed countries had imposed an embargo on the purchasing of equipment for building nuclear plants.

He noted that with the display of noble and friendly gesture by China, the Western countries will have to bring a change in their attitude towards Pakistan as far as its nuclear development program is concerned.

He pointed out that the plant is the first example of cooperation between two Third World countries in this field. This will also project China internationally in the field of nuclear technology, he added.

Ahmed Khan said that after finalizing preliminaries with China, work on the construction of the project will begin next year, and it is expected to be completed within six years.

Pakistan set up its first 137-megawatt nuclear power plant near Karachi in 1977.

Pakistani Delegation Visits Liaoning

*SK3011043089 Shenyang LIAONING RIBAO
in Chinese 7 Nov 89 p 4*

[Text] At the invitation of the All China Federation of Trade Unions, the three-member delegation of the Pakistan National Federation of Trade Unions, which is headed by (Mohammad Saleh), paid a visit to the cities of Dalian, Shenyang, and Fushun in Liaoning Province from 29 October and 2 November. On the evening of 1 November, Comrade Li Guozhong, chairman of the provincial trade union council, received and feted the Pakistani delegation.

Sub-Saharan Africa**Further on Li Tieying Central African Tour****Interviewed in Brazzaville**

*OW0312123289 Beijing XINHUA Domestic Service
in Chinese 0924 GMT 1 Dec 89*

[By reporter Dai Hanwu (2071 3352 2976)]

[Text] Brazzaville, 30 Nov (XINHUA)—During an interview with a XINHUA reporter in Brazzaville on 30 November, Li Tieying, state councillor and minister of the State Education Commission, said that the Chinese Government delegation had achieved satisfactory successes during its goodwill visits to Chad, the Central African Republic, the Congo, and Zaire.

Li Tieying said that, during the course of his 2-week visit, he had exchanged broad views with the leaders of the four countries on the international situation and, in particular, on the situation in Africa. He also disclosed that he and the leaders had briefed each other on their respective domestic situations and discussed the further expansion of bilateral relations. The state councillor said that both sides expressed a willingness to make joint efforts to improve mutual cooperation in the political, economic, and education spheres.

Li Tieying said: The governments of the four countries each proceed from their respective actual national conditions, pay close attention to promoting agricultural development, try hard to explore a development strategy suited to their national conditions, and make unremitting efforts to achieve—and they have achieved—positive results in developing the national economy and in improving the people's livelihood.

He pointed out: Based on the principle of achieving mutual benefit and common development, China is willing to conduct various forms of economic cooperation with African countries so as to make contributions to South-South cooperation.

Li Tieying said that, during his discussions with the leaders of the four countries about the current situation, they all expressed pleasure with the recent positive

changes in Africa, especially in southern Africa, and praised the victory scored by the South-West African People's Organization in Namibia's general election.

Li Tieying concluded by saying: The Chinese Government will continue to support the African people's just struggle and work together with them further to bring peace, stability, development, and prosperity to Africa.

Li Tieying made a stopover in Brazzaville on his way back home after concluding his visit to the four central African countries.

Returns From Tour

OW0412094289 Beijing XINHUA in English
0858 GMT 4 Dec 89

[Text] Beijing, December 4 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, returned here by air today after a goodwill visit to Chad, Central Africa, the Congo and Zaire.

Li, who was heading a Chinese Government delegation, left Beijing for a tour of the four African countries on November 13.

Greeting Li and his party at the airport were Liu Zhongde, deputy secretary-general of the Chinese State Council, and diplomatic envoys of the four countries and Ethiopia in Beijing.

NPC's Ni Zhifu Meets Malagasy Trade Delegation

OW0312123789 Beijing XINHUA in English
1200 GMT 3 Dec 89

[Text] Beijing, December 3 (XINHUA)—Ni Zhifu, vice-chairman of the National People's Congress Standing Committee and president of the All-China Federation of Trade Unions, met here today with a delegation from the Federation of Revolutionary Trade Unions of Madagascar led by its president, Andrianoelisoa Theophile. [name as received]

Ni discussed cooperation and exchanges between the two trade unions with Theophile, who is also member of the Supreme Council of the Revolution and member of the Political Bureau of the Revolutionary Vanguard Party of Madagascar.

The Madagascar visitors arrived here yesterday as guests of the All-China Federation of Trade Unions.

Ambassador Delivers Aid to Madagascar

OW0112132289 Beijing Domestic Service in Mandarin
1700 GMT 24 Nov 89

[Text] On behalf of the Red Cross Society of China, Chinese Ambassador to Madagascar Wei Dong on 23

November delivered U.S.\$30,000 worth of articles and goods to Madagascar's Red Cross Society.

(Laktolina), chairman of the Red Cross Society of Madagascar, attended the presentation ceremony. Both sides spoke, highly praising the close cooperation between the Red Cross societies of the two countries.

Latin America & Caribbean

Venezuelan President Receives CPC Delegation

OW0112185389 Beijing XINHUA Domestic Service
in Chinese 1216 GMT 30 Nov 89

[Text] Caracas, 28 Nov (XINHUA)—Venezuelan President Perez met with the members of a CPC delegation on the evening of 29 November. [date as received] The delegation is led by Zhu Liang, head of the International Liaison Department of the CPC Central Committee. The two sides had a cordial and friendly conversation.

President Perez said that he is greatly interested in understanding China's policy of reform and opening to the outside world, and is happy about China's achievements in this regard. He hoped that the friendly relations between Venezuela and China will be constantly strengthened.

Zhu Liang conveyed to President Perez the regards from General Secretary Jiang Zemin, President Yang Shangkun and Premier Li Peng.

The CPC delegation arrived in Venezuela on 28 November on a 1-week visit at the invitation of the Democratic Action Party of Venezuela.

Argentine-Chinese Vessel Sinks Off Argentina

OW0112133889 Beijing XINHUA in English
1924 GMT 30 Nov 89

[Text] Buenos Aires, November 30 (XINHUA)—The Argentine Navy announced Wednesday that the fishing vessel "Dalian" was shipwrecked in the Argentine territorial sea in the region of Puerto Madryn, and the 27 crew members including six Chinese and a fishing inspector on board were saved.

The incident occurred at 8.35 p.m. Tuesday when the "Dalian" rapidly sank after overturning. Other fishing boats in the area rescued the 28 shipwreck victims, of whom only two suffered slight injuries, the navy said.

The "Dalian," which belongs to the Argentine-Chinese "Alienpesca" joint company, is a 500-ton and 2,000 horse-power boat. It arrived at the port in the Province of Chubut, Argentina, in July and this was its first working voyage in the waters around the city of Rawson.

So far the cause of the shipwreck has been unknown.

Political & Social**Zhao Ziyang Hospitalized With Heart Ailment**

HK0412234089 Hong Kong SOUTH CHINA MORNING POST in English 5 Dec 89 p 1

[By Seth Faison in Beijing]

[Text] Mr Zhao Ziyang, the deposed Communist Party General Secretary who fell from power last spring, has been admitted to hospital to be treated for heart trouble, Chinese sources said yesterday.

Describing his condition as "fair", the sources said Mr Zhao's sudden illness has alarmed China's top leaders, who are aware that a premature Zhao death could have potentially explosive consequences.

Mr Zhao turned 70 in October. He entered hospital late last month, the sources said, but they did not know whether he had actually suffered a heart attack.

The senior leader, Mr Deng Xiaoping, who groomed Mr Zhao to be his successor before ousting him in a bitter power struggle in May, has ordered priority medical treatment for Mr Zhao, one source said.

The former party leader, blamed by conservatives for supporting the student-led protest movement, became the hero of many ordinary Chinese when he lost his position and opposed the decision to declare martial law.

It was heart trouble that felled Mr Hu Yaobang, Mr Deng's other chosen successor, whose death in April sparked the first student demonstrations that eventually led to the Beijing massacre on June 4.

Mr Zhao is not known to have a history of heart trouble.

But one source said that "lack of sufficient blood supply" was the official medical reason given when Mr Zhao entered hospital on May 19, the eve of the martial law declaration in Beijing.

At the time, it was widely believed that Mr Zhao had voluntarily disappeared into hospital in order to distance himself from the decision made by other leaders to order troops into the capital.

Mr Zhao has not been seen in public since he appeared in Tiananmen Square before dawn on May 19 where, with tears in his eyes, he bade farewell to the students.

He was formally stripped of his position, kicked out of the Politburo and removed from the Central Committee in late June at a party plenum which formally considered his lengthy self-defence.

Before he fell ill, Mr Zhao's fate was sometimes described by political analysts as the issue that would define the Communist Party's outlook, hard-line or moderate.

The outcome has been inconclusive. Six months after he was sacked, the leadership has been unable to agree on how to handle his case, saying that it is still being investigated.

It even took until early autumn, one source said, before Mr Zhao was removed from Zhongnanhai, the compound where most of China's leaders live and work.

In an odd coincidence, he was moved to the residence in Fuqiang alley where Mr Hu Yaobang lived in the late 1970s before he became party leader. Mr Zhao is said to have resisted the move.

To date Mr Zhao has never conceded any wrong-doing and has vigorously denied the official charges that he "split" the party or supported the "turmoil", according to several sources.

NPC Standing Committee Members Make Inspections**Objectives of Tours**

OW1711162289 Beijing XINHUA in English 1546 GMT 17 Nov 89

[Text] Beijing, November 17 (XINHUA)—The members of the Standing Committee of the National People's Congress (NPC) are making inspection tours around the country, according to the General Office of the NPC Standing Committee.

Since July this year, 44 NPC Standing Committee members have conducted two-week inspections in 22 provinces, municipalities and autonomous regions including Shanxi, Jilin, Zhejiang, Shandong, Henan, Guangxi, Guizhou, Shaanxi, Xinjiang and Shanghai.

During their inspection tours, the Standing Committee members checked on the implementation of the committee's resolution on ending the national turmoil and quelling the anti-government rioting; the elimination of corruption, crack-down on "bureaucratic profiteering" and screening of companies; the state of agriculture; and the implementation of certain laws.

The members of the NPC Foreign Affairs Committee investigated matters concerning laws on foreign exchanges and cooperative programs.

Li Peng Leads Tour to Hainan

HK2011123089 Haikou Hainan Provincial Service in Mandarin 2300 GMT 17 Nov 89

[Text] An NPC Standing Committee inspection group arrived in our province on the afternoon of 16 November.

The NPC group, headed by Li Peng, member of the NPC Standing Committee and vice chairman of the NPC Financial and Economic Committee; and Yang Yimu, vice chairman of the NPC Financial and Economic Committee, came to Hainan mainly to find out how the Forest Law is enforced in Hainan province. They also

want to learn about problems that have cropped up in the course of enforcement, examine and check indiscriminate chopping and lumbering of forests, and exchange views with members of officials of People's Representatives Conference and government of our province on the enforcement of the Forest Law.

Yesterday, Cao Wenti, vice chairman of the Hainan Provincial Conference of People's Representatives and Vice Governor Xin Yejiang met with all members of the NPC Standing Committee inspection group.

Starting today, comrades of the group will listen to briefings to be made by leaders of the provincial Forestry Bureau, the provincial Agricultural Department, the provincial Finance and Tax Department, the provincial People's Bank of China, the provincial Agricultural Bank of China, the provincial People's procuratorate and the provincial Higher People's Court, and will inspect some key counties and farms.

Hainan Officials Meet Li

HK2411090589 Haikou Hainan Provincial Service
in Mandarin 2300 GMT 18 Nov 89

[Text] On the evening of 18 November, Xu Shijie, secretary of the provincial party committee and chairman of the Standing Committee of the Hainan Provincial People's Representatives Conference; Pan Qiongxiong, (Tao Wen-hua), Zheng Zhang, and Huang Zongdao; vice chairmen of the Standing Committee of the Hainan Provincial People's Representatives Conference; and other leading comrades met with a nine-member National People's Congress [NPC] Standing Committee inspection group headed by Li Peng, member of the NPC Standing Committee and vice chairman of the NPC Financial and Economic Committee.

The inspection group arrived by plane in Haikou to find out how the Forestry Law is enforced in Hainan Province.

Series Continues on Jiang's National Day Speech

Private Economy Discussed

HK0312043789 Beijing JIEFANGJUN BAO
in Chinese 9 Nov 89 p 2

[Eighteenth article in the series "Questions and Answers on Studying Jiang Zemin's National Day Speech"; article by Shu Ren (5771 0088): "What Policy Should Be Adopted Toward the Individual Economy and Private Economy, Which Are Subordinate to the Socialist Economy?"]

[Text] Through the 10 years of reform, great changes have taken place in China's ownership structure. The individual economy and private economy have achieved certain developments. By the end of 1987, there were a total of 13.725 million individual industrial and commercial units in both urban and rural areas of our country, employing 21.583 million people. Their total annual retail volume reached 103.8 billion yuan. In the

whole country, there were 115,000 private enterprises with 8 or more workers each, employing a total of 1.847 million people.

In the current stage, the appropriate development of the individual economy and private economy, which are subordinate to the socialist economy, plays an important, or even indispensable, role in developing social production, improving the people's livelihood, and increasing employment. Socialism is essentially characterized by the public ownership of the means of production, and its ultimate purpose is to eliminate all private systems. However, in order to thoroughly eliminate the individual economy, great development of the productive forces is necessary. But this is hard to realize in the initial stage of socialism. Before small production and small-scale operations in all spheres of the national economy are totally replaced by modern and large-scale machine production, the individual economy is still an indispensable economic form to ensure the integration of labor force and productive means. This is because it is conducive to making full use of dispersed production resources and to the employment of new and unused labor. It is also conducive to making use of the idle funds in society to develop production and giving play to the superiority of small production and small-scale operation, which are dispersed and flexible, so as to satisfy the people's increasing needs. The private economy is an economic sector for the existence of wage labor. But under the condition of socialism, it is related to and greatly influenced by the public ownership, which is in the dominant position. The range and conditions of its operation, its management system, the supply of raw materials, the marketing of its products, and the distribution of its income are all under the strict management and supervision of the socialist system. Therefore, the appropriate development of the private economy is also conducive to the socialist construction.

Under socialism, the scope of development of the individual economy and private economy is determined by the specific local conditions, such as the development of large-scale production and its role in the national economy, the accumulation ability of the public-owned economy, and the materials resources. In different areas or in different stages of development in the same area, it is impossible and unnecessary to set a fixed limit for the development of individual economy and private economy. All this is determined by the local conditions in that specific period.

At present, some serious problems do exist in the sector of individual economy and private economy. For example, tax evasion is quite a common phenomenon everywhere. Quite a few individual industrial and commercial units and private enterprises have become rich chiefly through tax evasion. Some of them have also made use of certain loopholes in the period of substituting the old structure with the new and have resold important productive means and consumer goods that are in short supply at a profit and engaged in illegal economic activities. Thus, the normal circulation order

has been disturbed, and social distribution has become more unfair. If these problems are not seriously dealt with, the individual economy and private economy will become harmful to the development of the public-owned economy. On this question, we should never lower our guard.

Judging from the current realities, the proportion of the individual economy and private economy in the entire national economy is not too high but too low. Therefore, toward the individual economy and private economy, we must adopt a policy of allowing and encouraging them to develop actively within a certain range, especially in the economic activities mainly relating with labor forces and suitable for dispersed operation. We must also use economic, administrative, and legal measures to strengthen management and guidance so that their negative roles unfavorable to the development of the socialist economy can be restricted, while their positive roles are brought into play.

Income Distribution Viewed

*HK0312044789 Beijing JIEFANGJUN BAO
in Chinese 9 Nov 89 p 2*

[Nineteenth article in the series "Questions and Answers on Studying Jiang Zemin's National Day Speech"; article by Chen Zhili (71151807 3810): "What Policies and Measures Should Be Taken to Solve the Problem of Unfairness in Social Distribution?"]

[Text] In order to solve the problem of unfairness in social distribution, it is first necessary to adhere to the socialist standard of fair distribution and to the orientation of common prosperity. We must judge the fairness in social distribution from a criterion of whether the distribution is conducive to the development of productive forces and social progress. Both egalitarianism in distribution and the wide gap between rich and poor are counter to the socialist principle of distribution according to work. They will dampen the enthusiasm of the laborers and are harmful to the development of productive forces. At the same time, we must also realize that China is still in the initial stage of socialism; while adhering to the public ownership, it should still allow the individual economy and private economy to develop to a certain extent. Under such circumstances, it is necessary to adopt diverse forms of distribution, with the system of distribution according to work as the main body. It is necessary to allow the existence of some income earned through channels other than labor. However, such income may bring about negative factors of unfair distribution to all social members and may widen the gap between rich and poor. Therefore, the party and the government have imposed necessary restrictions on the method of distribution and industrial and commercial administration and worked out tax and price policies. Provided the managers and producers observe the law and discipline, they can become rich before the others but cannot become upstarts. The problem at present is that a few lawbreakers have reaped staggering

profits by violating law and discipline. This should be handled seriously. Our distribution policy must enable those to get rich before the others those who are capable of conducting production and management within the limit permitted by law, who are working earnestly, and who are making greater contributions. The policy must also be conducive to narrowing the gap between rich and poor and adhering to the orientation of common prosperity so that social stability, fairness, and economic returns can be better unified.

Preventing and correcting the trend of unfairness in social distribution is a matter of principle. It is necessary to make continuous efforts to enliven the economy; ensure the independent decision-making power of the enterprises in production, management, and distribution; encourage the sense of rational competition among enterprises; and retain necessary pressure and motivation for pursuing economic returns and benefits. It is also necessary to increase the ability of macroeconomic regulation and control [tiao kong 6148 2235] and strengthen the functions and roles of the supervision departments so as to create equal opportunities and a good economic environment for fair competition. It is necessary to continue to give play to the role of material reward and improve this method, but it is also necessary to attach importance to the role of moral encouragement and conscientiously strengthen and improve ideological and political work. It is necessary to help people gradually extricate themselves from the trammels of the traditional small peasant economy mentality and the wrong egalitarianist idea of "everybody eating from the same big pot." At the same time, it is also necessary to take the bearing capacity of the people into consideration, maintain stability in society, and guide people to draw a clear distinction between the rational differences in their income and unfairness in distribution. It is necessary to make certain readjustments of relevant taxation, credit, and foreign exchange policies; rectify the order of circulation; and make a comprehensive use of economic, legal, and administrative means to carry out unified regulation and control over the taxation, income, and distribution of all types of enterprises in various trades and localities, while dealing with different matters in different ways. It is also necessary to endeavor to establish a rational enterprise system through deepening reform and to further handle well the relationship between the state, the enterprise, and the individual.

At present, it is necessary to adopt concrete policies and measures in light of the different situations of distribution under the dual structure so as to solve or alleviate some major contradictions.

Regarding the distribution of income in state-owned enterprises and institutions, it is necessary to firmly grasp the work of stratified management while strengthening macroeconomic control. At the beginning of the distribution, it is necessary to further carry out and perfect the system of linking total wage to economic returns, with the stress on making a reasonable appraisal of the economic returns of enterprise and making the

growth of the workers' actual income lower than the growth of labor productivity. Within the enterprises, it is necessary to implement the method of closely linking payment to personal contributions, with the stress on reducing the proportion of cash bonuses and bonuses in kind, enhancing the role of bonuses in stimulating the increase of economic returns, and making the differences among workers in respect to their income more reasonable. At the same time, it is necessary to resolutely rectify the phenomenon of inappropriately turning some investment in fixed assets and some floating capital into consumption funds. When carrying out redistribution, it is necessary to make a continuous study of the methods for reform of the existing wage system in government organs and institutions so that it may be gradually perfected and so that more funds can be collected on the basis of increasing the proportion of financial revenue in the national income to appropriately increase the wages of cadres and intellectuals, who are working in various institutions. Moreover, it is also necessary to make a readjustment of the big gap among the workers in the economic sector under ownership by the whole people regarding their personal income, which has resulted from the great differences in the external environments of various trades.

In the distribution of income in other economic sectors and certain economic activities, it is necessary to strengthen the authority and functions of economic supervision and management, strengthen tax levy and management and industrial and commercial administration, and firmly grasp economic inspection. While continuing to encourage the appropriate development of the individual and private economies, which are necessary supplements to the economic sector under public ownership, it is necessary to strengthen the supervision and management over their operations and income and strictly investigate and deal with all kinds of economic cases of getting rich quickly through illegal channels. It is necessary to further screen and rectify all types of companies and do a good job in market management and price control. While strengthening the work of building a clean government, it is necessary to resolutely and quickly investigate and deal with all kinds of law-breaking practices, such as embezzlement and bribery, extorting money from others, and taking advantage of power to seek private gains. Based on the above-mentioned practices, it is necessary to conscientiously study and solve the following problems concerning the distribution of income: The management of income in the tertiary industrial production units and lateral economic ties established by the enterprises themselves; the management of income from technology transfer, consultation, service, and training; the management of income of the workers from their part-time jobs and income of the retired workers from their new jobs; and the management of individual and private economic units, including those which are collective in name but private in fact. Either at present or in the future, it is necessary to ban and strike heavy blows at all kinds of illegal business activities and confiscate all illegal

income. All serious economic criminal activities should be dealt with severely according to the law. Meanwhile, it is necessary to carry out extensive propaganda and education in society so that the ideas, such as performing official duties honestly and doing business and paying tax according to the law, can strike root in the hearts of the people.

In short, it is necessary to protect all legal incomes, readjust the excessive incomes through tax levy, and resolutely ban the illegal incomes so that the distribution system of our socialist planned commodity economy can be continuously perfected.

Industrial Restructuring

HK0312054189 Beijing JIEFANGJUN BAO
in Chinese 9 Nov 89 p 2

[Twentieth article in the series "Questions and Answers on Studying Jiang Zemin's National Day Speech"; article by Yu Guoyao (0151 0948 5069): "Why Do We Say that Strengthening Our Basic Industries and Readjusting the Relations of the Economic Structure Have an Important Bearing on the Future of Our Socialist Modernization?"]

[Text] In recent years, serious inflation and price increase have appeared in our economic life. Of course, this is a result of the fact that the general social demand has surpassed the general social supply. But it reflects the profound structural contradictions in our economy. A main expression of the distorted economic structure over the past few years is the excessive development of the processing industry. Both the scale and speed of this development have exceeded those of the development of agriculture, energy, and raw materials industries, and communications and transportation. On the other hand, due to their insufficient capability, the development of agriculture, energy, and raw materials industries, and communications and transportation has lagged far behind.

In 1984, the outputs of grain, cotton, oil crops, and other major agricultural products reached a historic high. But since then, agricultural production has ceased to develop over the past 4 years. Grain output reached 407.31 million tons in 1984, higher than the target of 400 million tons, but dropped to 379.1 million tons in 1985. It was then increased to 391.09 million tons in 1986 and 402.4 million tons in 1987, but dropped again to 394 million tons in 1988. Cotton output also dropped from 6.258 million tons in 1984 to 4.2 million tons in 1988, while the output of oil crops dropped from its record high of 15.78 million tons to 13.2 million tons in 1988. Apart from these, fluctuation has also appeared in the production of other agricultural products, such as live pigs, silkworm cocoons, and tea leaves. As a result of the stagnation in agricultural production, especially grain and cotton production, the population increase, and the

increase of the people's consumption level, the contradictions between the supply and demand of major agricultural products are growing sharper and sharper with each passing day in our country. There is also an increasing pressure on the supply of agricultural and sideline products. There was a net export of grain in 1985 and 1986, but a net import of grain in 1987 and 1988, during which a total of 16 million tons of grain were imported. Grain, cotton, and edible oil reserves have dropped since 1988. In 1988, the increase in the prices of agricultural and sideline products was 18.5 percent higher than the average national price increase. The shortage of meat supply reappeared in the market. In connection with the fluctuation in agricultural production, the fluctuation in industrial production has also appeared. Agriculture provides industry not only with raw materials but also with the market, funds, and labor. The stagnation in agricultural production over the past few years, especially the stagnation in grain and cotton production, has been affecting more and more seriously the healthy development of the national economy as a whole.

Then, let us look at the basic industries and the construction of basic facilities. The basic industries and basic facilities, such as energy, transport, communications, and important raw materials, form the basic conditions for social reproduction. Since the founding of the state, especially in the past 10 years of reform, China has achieved a big development in basic industries and basic facilities. However, due to the excessive growth of the processing industry over the past few years, energy and raw materials supply has fallen short. From 1985 to 1987, the average annual growth rate of the processing industry was more than double that of the energy and raw materials industry, which was more than 10 percent. The output value of the processing industry grew 23 percent in 1988, but that of the mining and raw materials industries only grew 10.8 percent. The excessive growth of the processing industry resulted in the serious shortage of energy and raw materials supply. Generally speaking, in the early or medium period of industrialization, priority should be given to energy production and supply in the course of economic development. In other words, the growth rate of energy production should be higher than that of the entire industrial development. However, energy construction has lagged far behind in our country compared with the development of industry as a whole. Judging from the situation of the power industry, generally speaking, the development of this industry in the past few years was not slow. It grew more than 10 percent a year. However, industrial development, especially the development of the processing industry, was even faster. As a result, some productions have to cease due to the shortage of power supply. At present, our country is short 15 million kw of electricity generating capacity, 5 million kw more than in 1980. In the current stage, coal is the main part of our energy structure. However, coal production still cannot satisfy the needs of our industrial development. Since the beginning of the year, the contradictions between coal

supply and demand have been further sharpened, and the reserve of coal has been dropping. Particularly, in east and northeast China and in Guangdong, Guangxi, Hunan, and Hubei Provinces, coal supply is in an emergency. In the first half of this year, due to the short supply of coal and power failure, many enterprises were forced to cease production. Many of them could only go into operation 3 or 4 days a week.

Raw materials production has also lagged behind. At present, both the output value and the number of staff and workers of China's raw materials industry, including those in the production of iron and steel and raw materials for the chemical and building industries, are making up one-fourth of the national total. But it still cannot satisfy the needs of the processing industry and capital construction. Without raw materials, the processing industry is unable to develop. Take the production of iron, steel, and crude oil, for example; from 1979 to 1988, steel output was increasing at an average annual rate of 6.4 percent, while crude oil was increasing at 2.8 percent. Both were much lower than the average growth rate of the industrial production as a whole. Although large quantities of steel were imported, there was still a short supply of steel. In the next period of more than 10 years, there will still be a gap of about 15 million tons of steel a year. There has also been a short supply of other important raw materials, leading to a continuous increase in their prices.

Transport and communications are in a difficult situation. Both transport and communications are the vanguard of the national economy and special production departments. The larger the production scale and the more commercialized and socialized production becomes, the more important transport and communications will be. Generally speaking, the proportion of the land used for the development of transport and communications facilities can be regarded as a symbol of economic development of a country. At present, our transport and communications facilities are far from capable of satisfying the needs of our social and economic development. The shortage of transport capacity, the backward technological equipment, and the irrational transport structure have become major weak links in our economic development.

The situation of posts and telecommunications is even worse. Posts and telecommunications are indispensable means in modern economic and social life, which have an important bearing on modern construction and opening up to the outside world. In the past few years, China has achieved a great development in posts and telecommunications. But due to the poor basis and huge debt, the backward situation has not been changed. This has seriously affected our economic development and modernization drive. For example, the telephone popularization rate of our country is only 6 percent of the world's average rate and 22 percent of the average rate in Asia, and our long-distance lines are less than 50 percent of those in India and 2 percent of those in the Soviet Union. Moreover our communication equipment is old

and outdated. All this has become an important factor restricting the development of our national economy and opening up to the outside world.

To sum up, from what was mentioned above we can see clearly that, at present, due to the irrational industrial structure and insufficient development in our country, our basic industries and basic facilities, which are the basis for the development of the national economy, are unable to support the current development of the processing industry at such a high speed and satisfy the needs of large-scale construction and people's consumption. Therefore, an important policy for the present to ensure a continuous, steady, and healthy development of the national economy is to readjust the economic structure and strengthen the basic industries. We must gain a sufficient understanding of this.

Democratic Dictatorship Viewed

HK0312175889 Beijing JIEFANGJUN BAO
in Chinese 9 Nov 89 p 2

[Twenty-first article in the series "Questions and Answers on Studying Jiang Zemin's National Day Speech"; article by Fang Li (2455 4539): "Why Do We Say that Democracy Toward the People and Dictatorship Toward Hostile Elements and Antisocial Elements Are Closely Linked With Each Other and Supplement Each Other?"]

[Text] In his National Day speech Comrade Jiang Zemin pointed out: "Democracy toward the people and dictatorship toward hostile and antisocial elements are closely linked with each other and supplement each other. As long as class struggle exists within certain spheres, the functions of dictatorship cannot be weakened."

China is a socialist country under the people's democratic dictatorship led by the working class and based on the alliance of workers and peasants. It is our basic principle to uphold the people's democratic dictatorship. Therefore, correctly recognizing and handling the relationship between democracy and dictatorship is of vital importance in upholding the people's democratic dictatorship.

Since the founding of the state, our state power, which is characterized by the people's democratic dictatorship, has played very important roles in protecting the broad masses of working people in exercising their rights as masters of their own houses, safeguarding national and social security, and ensuring the smooth progress of socialist revolution and construction. However, for a period of time, we have not attached due importance to the democratization drive and the establishment of legal systems for our political power. On the other hand, the system of people's democratic dictatorship also needs to be perfected. Some people with ulterior motives always make use of certain mistakes and shortcomings in practicing the people's democratic dictatorship, or they use certain problems arising from imperfect systems, to distort the scientific meaning of the people's democratic dictatorship either from the "leftist" or from the rightist

side. During the "Great Cultural Revolution," the Lin Biao and Jiang Qing counterrevolutionary clique created a so-called theory of "overall dictatorship" to distort the doctrine of proletarian dictatorship. In the past nearly 10 years, some advocates of bourgeois liberalization had tried a thousand and one ways to negate the people's democratic dictatorship and distort the relationship between democracy and dictatorship under the pretence of "reform." Therefore, we can conscientiously uphold the people's democratic dictatorship only when we have gained a correct understanding of its scientific meaning.

In China, the people's democratic dictatorship is, in essence, the dictatorship of the proletariat. It is a new democracy and new political power fundamentally different from the bourgeois dictatorship. Lenin once pointed out that the dictatorship of the proletariat "is a new type of democracy (democracy to the proletariat and poor people) and a new type of dictatorship (dictatorship to the bourgeoisie)." Proceeding from China's realities, our party has adopted the form of the people's democratic dictatorship. From this form we can clearly see the extensive basis and democratic nature of our state power and the dual function of the people's democratic dictatorship, which has the functions of both democracy and dictatorship. In China, the democratic rights and dictatorship are both exercised by the working class and the broad masses of people. On this question, Comrade Mao Zedong once pointed out: "The people's democratic dictatorship is a combination of democracy toward the people and dictatorship toward the reactionaries." From this we can see that the system of the people's democratic dictatorship is neither a "dictatorship system" merely consisting of violence and suppression, nor a system "tending to assimilate with" capitalism.

The system of the people's democratic dictatorship is a state system closely linking and unifying democracy toward the people and dictatorship toward the people's enemy. This is by no means an empty slogan. It has its substantial contents. The most important contents are as follows:

First, it is necessary to continue to put the working class in the leading position. This is the key problem in upholding the people's democratic dictatorship. The leading position of the working class in the state power means that this country will carry out policies of the working class and transform society according to the will of the working class. The leading role of the working class is realized through its vanguard—the Communist Party. The worker-peasant alliance is an extensive and solid mass foundation for the leading position of the working class and the most reliable and powerful guarantee for consolidating the people's democratic dictatorship and realizing all its tasks.

Second, it is necessary to practice the democratic system among the people. This is chiefly expressed by the following two aspects: First, the people are masters of their own houses and enjoy the right to manage state and social affairs according to the Constitution. Second,

contradictions among the people are solved by democratic means. Under the state system of the people's democratic dictatorship, the Chinese people enjoy extensive democratic rights. This is not only expressed by the broadness of the people enjoying democratic rights, including workers, peasants, intellectuals, and other working people, which form the great majority of the population; but is also expressed by the broadness of democratic rights the people are enjoying, including democratic rights in their political, economic, cultural, and social life. A handful of people with ulterior motives have distorted our system of the people's democratic dictatorship as a "dictatorship structure" without democracy. This is a shameless slander.

Third, it is necessary to exercise dictatorship toward the people's enemy. The people's democratic dictatorship is a combination of democracy and dictatorship. Facts tell us that exercising dictatorship toward antisocialist hostile elements and hostile forces is indispensable in order to carry out the democratic system among the people and ensure the democratic rights of the broad masses of people. Without the dictatorship, the people's democratic rights cannot be guaranteed and they will lose democracy, freedom, and tranquility. This can be seen clearly from the disturbances in the late spring and early summer days this year.

In short, democracy and dictatorship under the system of the people's democratic dictatorship form a dialectical unity. Only by carrying out democracy among the people can we exercise effective dictatorship toward the people's enemy; and only by exercising dictatorship toward the people's enemy can we ensure the democratic rights of the people. It is wrong to separate democracy and dictatorship, set both against each other, or weaken either of them, because it will inevitably damage the system of the people's democratic dictatorship.

Article Contrasts 1976, 1989 Incidents

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in Chinese 17 Nov 89 p 3*

[Article by Wang Wenfeng (3076 2429 7364): "Two Diametrically Different Matters—How to Look at 1976's '5 April' and 1989's Turmoil"]

[Text] Somebody asks: The 3d Plenary Session of the 11th CPC Central Committee redressed the struggle at Tiananmen in 1976 and made a positive appraisal of its significance; but, why did the processions, hunger strikes, and supporting activities in 1989 become campus upheavals and turmoil, and finally develop into Beijing's counterrevolutionary rebellion?

I think that they were two categorically different matters, and we should not lump them together.

The year 1976 was the last stage of the "Cultural Revolution." The Chinese people were turned upside down by "down with everything, unleash an all-out civil war" for 9 years and 10 months. As a result, party

organizations at all levels were at a standstill; the national economy was on the brink of collapse; and the people's living standard went downhill. It was precisely under such circumstances that Premier Zhou Enlai, whom the Chinese people consistently respected and warmly cherished, proposed grasping production and construction and promoting the socialist modernization of agriculture, industry, science, technology, and national defense. His proposal was attacked by the Jiang Qing counterrevolutionary clique. What the masses saw was engraved on their memory. After Premier Zhou Enlai broke down from constant work in the prolonged revolutionary struggle for the cause of socialist construction and passed away, the vast number of people were deeply grieved. The "gang of four" became more unscrupulous and intensified their trouble making and sabotage. The people were furious. The masses' grief and fury converged to form a gigantic force: They wanted the proletarian revolutionaries of the older generation, represented by Comrade Deng Xiaoping, cadres, and masses, who had been vilified and framed, to be rehabilitated; they wanted to have a stable and united political situation and restore party leadership at all levels; they wanted to concentrate all efforts on developing the four socialist modernizations; they wanted to exercise the people's democratic dictatorship over the "gang of four," who had brought calamity to the country and to the people and had concocted 10 years' turmoil; they wanted to practice genuine Marxism instead of the feudal fascism practiced by Lin Biao and the "gang of four."

The situation in 1989 was quite the contrary. The schemers, organizers, and commanders of the turmoil and Beijing's counterrevolutionary rebellion flaunted the banner of mourning for Comrade Hu Yaobang in an attempt to "rehabilitate" those who proposed that China practice capitalism. Furthermore, they specifically called for the adoption of private ownership and multiparties. They wanted the "elite" to hold power. They proposed taking turns to be the dealer—the state leader. This shows that what they called mourning was nothing but a pretense. Their essence was to concoct turmoil and change the nature of our socialist country so as to exercise bourgeois dictatorship in China. They followed the Jiang Qing counterrevolutionary clique's old tactics by directing the spearhead of struggle at the party and the government's principal leading comrades. They spread rumors and confused and poisoned people's minds in a vain attempt to replace them. They shouted themselves blue in the face to rabidly oppose upholding the four cardinal principles. They wanted the policy of achieving reforms and opening to the outside world, which is self-perfection of the socialist system, to change direction and take the capitalist road, so that China would become a vassal of capitalist powers. They slandered the government, which was legitimately elected by the NPC, by calling it a "puppet government" in a futile attempt to coerce a number of people to recall and disrupt it. They colluded with the forces hostile to socialism in capitalist

countries, Hong Kong, and Taiwan, accepted their suggestions and plans, and vainly attempted to turn socialist China into a capitalist country through peaceful evolution by accepting those people's material and financial aid to fight a so-called "world war without gunsmoke."

Thus, it can be seen that the struggle at Tiananmen in 1976 showed how the masses cherished the party and the socialist motherland, yearned to stop the "gang of four" counterrevolutionary clique from continuing the Lin Biao counterrevolutionary clique's plot to disrupt the whole country and usurp the power of the party, Army, and government, and yearned for the socialist motherland's prosperity. As for the campus upheaval, turmoil, and the counterrevolutionary rebellion, which occurred in the capital in 1989, the whole incident, from its brewing to its breaking out, and up to some bigwigs living a parasitic life under the aegis of international capitalist reactionary forces, proceeded according to the scheme of, and under the instigation and command of, those who engaged in bourgeois liberalization and those who supported it. They already made speeches everywhere, held discussion meetings, wrote articles, ran newspapers and magazines, organized salons, stirred up trouble, twisted historical facts, distorted reality, used fallacious arguments to capture people's minds, started a rumor to confuse the minds of those who did not know the truth, and, after gathering them, trumpeted among them the goodness of the capitalist society, the capitalist system, exploitation, and oppression. They slandered the socialist society and the socialist system as bad. They said that China did not have the "democracy" which could satisfactorily let the elite be in power. They complained that their "elite" was not permitted to be China's middle class (in essence, referring to the bourgeoisie), and that they lacked the "freedom" to let the vast number of working people nurture them with their blood and sweat so that they could become both fat and strong. Their ultimate goal was to overthrow the CPC and the socialist system, which China adopted. Look! Because of the diametrical differences in their stands and viewpoints, what a striking contrast between the struggle at Tiananmen in 1976 and the turmoil in 1989 we see.

The spirit of the struggle at Tiananmen in 1976 was fully shown in Tiananmen "Revolutionary Poems Copied," "Selected Tiananmen Revolutionary Poems and Articles," Vols I & II, "100 Selected Tiananmen Revolutionary Poems," and "300 Selected Tiananmen Revolutionary Poems" collected, edited, and published by the Tong Huazhou Group. How did these poems eulogize Premier Zhou Enlai, who was held in boundless respect by the masses? And what ideals and yearning did these poems express? Look: "O our esteemed and beloved Premier, /Because you were an outstanding communist fighter, /Certainly someone in the dark corner would curse you. ...Oh, /Our respected and beloved Premier, /You were a proletarian revolutionary. /When you were living/The enemy trembled with fear. /When you passed away/Conspirators were scared." When the four modernizations are realized, "Our respected and beloved

Premier, /Please look, /Our prosperous and powerful socialist country." "Our respected and beloved Premier Zhou, /You can feel at ease now, /Under Chairman Mao's wise leadership, we shall certainly/Carry out your behest, /On that day, /We shall fire a deafening 10,000-gun salute to grandly wake you up, /You will be invited into the gorgeous communist mansion, /Please step onto the reviewing stand and speak to us, /We will again present to you /A bouquet of communist flowers!" "Please stand up! /They are individual careerists, /They can only be the mouthpiece of the bourgeoisie. /We shall not let our country change its political color, /How can we let the cradle stage of socialist China be smashed to pieces? ...With the support of Marxism-Leninism, /History will certainly present the truth." "Please set your mind at rest! /10,000 new buds are blooming, following your steps. /Like you/they want to be bricks from which the socialist mansion will be built, /Like you, /They want to be drops of clean water in the East China Sea, /Like you, /They want to be fibers of the red party flag." At that time, the White Bone Demon cursed by the people referred to the Jiang Qing counterrevolutionary clique, which concocted 10 years' internal disorder. In 1989, are those fellows who schemed, incited, and commanded campus upheaval, turmoil, and Beijing's counterrevolutionary rebellion, who trumpeted bourgeois liberalization on a long-term basis, opposed socialism, and advocated capitalism, not White Bone Demons, also? Faced with the ideals and yearning of the "5 April" youths, do those Yan Jiajis, Su Shaozhis and Wuer Kaixis, who oppose the socialist motherland and are shielded by foreign reactionary forces, not prove to be all the more shameless and mean!

They are two completely different matters: one was warmly cherishing the party and socialism; the other was opposing the party and socialism. We absolutely cannot compare one with the other. Anybody who vainly attempts to propose "redressing" 1989's turmoil and counterrevolutionary rebellion is precisely betraying the party and the socialist cause! The people of the whole country will absolutely not allow this to happen!

LIAOWANG on New Policy for Graduates

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["Special Report": "An Important Measure for China to Bring up Its Cadres: University Graduates Going to the Grassroots Level—Official of the Organization Department of the CPC Central Committee Answers Questions by LIAOWANG Reporter"]

[Text] Recently, the authorities concerned in China reaffirmed the regulation that from now on, graduates fresh from higher education institutions will mainly go to work at the grass-roots level. Many in China and abroad find it hard to understand the importance of emphasizing the implementation of this policy, and this

prompted our reporter to go on a special visit to interview an official of the Organization Department of the CPC Central Committee for an explanation.

The official began by saying that the ministries and commissions of the party and the State, under the leadership of the CPC Central Committee and the State Council, are charged with the heavy task of providing specific instructions to all fronts for opening up new prospects, thus demanding the high political and professional quality of the cadres working in these organs. Up to a few years ago, the institutions under the party's Central Committee and the state organs had been replenishing cadres mainly by direct recruitment of graduates fresh from colleges or universities. Later it was discovered through practice that many of these fresh graduates were inadequate in the power of independent judgment and the ability to tackle practical problems. They were also unprepared for swift self-adjustment to meet the requirements of working in leading bodies. All of this was due to the fact that they had not been tempered by working at the grass-roots level. If this kind of replenishment were to continue over a long period, the cumulative effect within a few years would show itself in the situation that the university graduates who have no previous experience of working at the grass-roots level would become the core of the personnel structure in the party and government bodies. This is hazardous for the effective organizational and leadership functioning that those leading bodies should have in the implementation of the guidelines and policies set by the party and the government. It is also detrimental to the individual development of these young people.

It is for this reason that, in 1984, the central authorities resolved that the central organs of the party and the state would, in principle, stop recruiting cadres directly among graduates fresh from higher education institutions, and that fresh graduates would mainly go to the grass-roots level to work, and afterwards those meritorious ones would be recruited into the party and government organs. The official of the Organization Department of the CPC Central Committee said that the implementation of this policy in the past few years has shown that it helps young cadres raise their level of political and ideological understanding, foster the spirit of serving the people, cultivate the style of hard work and plain living, enrich their social knowledge, and improve their ability to tackle practical problems. Therefore, in order to enhance the general quality of the cadre ranks in the party and government organs to further satisfy the demands of the socialist modernization of China, the central authorities reaffirmed in July this year that the correct practice, mentioned above, should continue.

Nowadays in China, there are some people, including student youths, who identify this practice of working at the grass-roots level as a means of tempering, along with the several bouts of "transferring cadres to the lower level to labor" in history. This, according to the official

of the Organization Department of the CPC Central Committee, is a misunderstanding of the spirit of the central policy.

The official suggested looking back briefly at a period in history. From the end of the 1950's to the early years of the 1960's, there was a nationwide practice of "transferring cadres to the lower level to labor," aimed at rectifying the style of work in state organs and bringing up and training cadres. At that time, cadres were mainly transferred to the countryside, and this was done in turn and in batches to those under the age of 45 and capable of physical labor and working at the grass-roots level. Within a few years, there were altogether several million cadres all across the country who received training by taking part in physical labor or other kinds of work at the grass-roots level. The policy of giving university graduates the chance to work at the grass-roots level, which is now in effect, is basically the same as the previous practice in that they have the common purpose of carrying forward the fine tradition of the party in its work on cadres to enhance their general quality, but as far as their guiding principles, objects, and ways and patterns of implementation are concerned, they differ immensely. This is because today's policy does not simply require participation in physical labor, and the countryside is not the chief destination.

During the 10 years of turmoil, under the guidelines of the "leftist" ideology, especially the disruption and destruction by Lin Biao and the "gang of four", a great many leading cadres, intellectuals, and other cadres at their posts were either sent, by coercion or as a result of political persecution, to "May 7 cadre schools" to receive reformation through labor. They were transferred to the countryside and settled there to be "re-educated by the poor and lower-middle peasants". The official said that this practice had undermined the party's fine tradition, hurt the feelings of the cadres, left awful impressions, and had disastrous consequences. After the 3d Plenary Session of the 11th CPC Central Committee, this wrong practice was quickly checked. Working at the grass-roots level in today's sense and the "transferring cadres to the lower level to labor" during the 10 years of turmoil cannot be placed on the same par, and they have essential distinctions in guiding principles and in practice. It is perfectly obvious that since the 3d Plenary Session, the CPC Central Committee has drawn up a series of correct guidelines, principles, and policies for cadre-training; and has been respecting men of talent, caring for and treasuring cadres, and working hard to bring up and provide training for young cadres. We believe the broad cadres, masses, and university students will be able to get a clear view of this issue.

When it came to why this policy had been reaffirmed, the official of the Organization Department said that the reaffirmation of this policy is chiefly based on the consideration of the following three factors: First, after the implementation of the policy started in 1984, some units did not do well in carrying it out. It is therefore necessary to re-emphasize its importance to urge all

parties concerned in various parts of the country to pay due attention to, and rigorously carry out, this policy. Second, by summing up past experience, it has been found necessary to readjust the range of implementation: the party and government bodies at provincial level are also of important status and function and therefore cannot directly recruit fresh university graduates as cadres, either, so as to ensure the political and professional quality of the cadres therein. In the meantime, some specific regulations still have room for improvement. Third, the political disturbance in late spring and early summer this year highlighted the necessity of sticking to this policy.

He said that we also find in summing up favorable and unfavorable experiences, that owing to the faults in education in the past 10 years, we have slackened our efforts in the ideological education of student youths, thus making them bear many weaknesses, the most prominent of which is in their political quality. As is realized by some university students in their introspections, they are ideologically immature, politically naive, one-sided and superficial in reasoning and in action, credulous, and prone to follow without judging for themselves. During these years, many university students have been confused and at a loss under the ideological trend of bourgeois liberalization and were even taken advantage of by a small handful of anti-party and anti-socialist evildoers in the turmoil, as well as the counter-revolutionary rebellion. This lesson tells us that we should not put too much blame on the student youths and those young cadres. Young people are the future and hope of China. Politically, we should treasure and take care of them, educate them rigorously, make high demands on them, help them overcome their weaknesses, and guide them on their way to fulfillment, so that they will be able to give fuller play to their talents and will be competent enough to be charged with the historically significant task of contributing to the great cause of modernizing their motherland. Giving university graduates the chance to work at the grass-roots level is a right and effective way of helping them enhance their political consciousness and acquire the ability to perform well in practical work.

When asked about the category of those state organs that cannot recruit cadres directly among fresh university graduates, the official of the Organization Department said that, according to the policy, the party and government bodies above provincial level do not recruit cadres among graduates fresh from higher education institutions. The "party and government bodies above provincial level" referred to here include the party and government bodies at central and provincial levels as well as their subordinate institutions for social science studies, and companies that may function in the capacity of government administration. "Institutions for social science studies" refer to those that are engaged in studies of social sciences, such as politics, economics, law, education, literature and art, history, ethnology, religion, sociology, philosophy, linguistics, and military science.

"Companies that may function in the capacity of government administration" are those specified in the related documents of the State Council.

He also said that in view of some specific needs of the work in state organs and the need to make rational use of certain professionals so as to avoid any possible neglect of studies by some specialists, the policy also stipulates that when it is required by some party and government bodies above provincial level to recruit a small number of graduates fresh from higher education institutes to do some highly technical work, they may do so in accordance to the allocated quota and with approval from the Organization Department of the CPC Central Committee, the Personnel Department of the State Council, or the organization department of the provincial party committee and the personnel department (bureau) of the provincial government. Here, "some highly technical work" refers to the specially skilled jobs that is, for most part of it, not in the line of administrative work, such as accounting, computerization, translation, and archaeology.

As to the specific reference of "having undergone practice and tempering at the grass-roots level", the official also gave an explanation. It means having worked for 3 years in enterprises or the party and government bodies under (inclusive of) prefectural-municipal level as well as their subordinate institutions. Working for 3 years in institutions which specialize in non-social science studies and are subordinate to the party and government bodies above provincial level can also be accepted as having undergone tempering on the grass-roots level. All graduates fresh from higher education institutions who have been tempered through working at the grass-roots level for 3 years or more will qualify for recruitment, on the basis of merit shown, into the party and government bodies above provincial level.

When questioned on what would be done to those graduates who have already been recruited or assigned to posts in the party and government bodies above provincial level since 1985, the official said that the university graduates who have been recruited into the party and governments bodies above provincial level without conforming to the regulation and have not been tempered through working at the grass-roots level should be given the chance to work for 1 to 2 years at the grass-roots level in the near future. Those who have received job assignments in the party and government bodies above provincial level in 1989 should also have the chance to work for 1 to 2 years at the grass-roots level. If university graduates who have been given job assignments in the party and government bodies above provincial level since 1985 without conforming to the regulation, and postgraduates fresh from their institutions who have also received job assignments in the party and government bodies above provincial level in 1989, had worked at the grass-roots level for over 2 years before they entered their respective institutions, they may be considered as having been tempered at the grass-roots level.

He made it clear that the personnel administration of the university graduates who go to work at the grass-roots level is equivalent to that of the cadres on the regular payroll. Their salaries, welfare, and other benefits are obtainable from the working units where they are located, in accordance with applicable regulations in effect. The right to determine the places and units for them to work as a practice at the grass-roots level rests upon the departments that supervise them. On completion of the tempering period and passing the assessment, they may go back to work in state organs, or, if found unsuitable for work in the party and government bodies, they will be given other opportunities instead.

In conclusion, the official of the Organization Department of the CPC Central Committee said that sending university graduates to the grass-roots level to receive tempering is an important measure in carrying forward the party's fine tradition and commendable style of work. It is also an important measure to strengthen the cadre ranks organizationally, to enhance the general quality of the cadres in the party and government bodies, and to help the young cadres develop themselves in a wholesome manner. All departments concerned under the party's Central Committee and the State Council, and all the provinces, autonomous regions, and municipalities directly under the central government are now conscientiously putting into effect this policy, and will institutionalize it and implement it consistently. He expressed his belief that with the concern and support for this practice from students' parents, universities, and the whole society at large, we will be able to create a favorable social environment for the wholesome development of university graduates and young cadres, and to help university graduates in particular succeed in fulfilling themselves.

Wu Xueqian Attends Shenzhen Opening of Diorama

OW0312013889 Beijing XINHUA Domestic Service in Chinese 1550 GMT 22 Nov 89

[By reporter Xu Feng (6079 3536)]

[Text] Shenzhen, 22 Nov (XINHUA)—"Beautiful China," the world-largest diorama located on the shore of the Shenzhen Bay, was officially inaugurated today.

Wu Xueqian, vice premier of the State Council; Lin Ruo, provincial party secretary of Guangdong province; Xu Jiatun, director of Hong Kong office of the XINHUA NEWS AGENCY; Li Hao, mayor of Shenzhen City; and others attended the opening ceremony.

"Beautiful China," with an area of 450 mu, includes nearly one hundred scenic spots, which are mainly located in accordance with a map of China. It is a miniature of mountains, rivers, and cultural and historical scenes of China's 96 million square kilometers of land. It is also a largest diorama with the most plentiful contents in the world.

The diorama was funded and built by the China Travel Service in Hong Kong and the Overseas Chinese City in Shenzhen.

State Council Office on Fiscal Inspections

OW0412094689 Beijing XINHUA Domestic Service in Chinese 1234 GMT 2 Dec 89

[Text] Beijing, 2 Dec (XINHUA)—In a telegram sent to all regions and departments yesterday, the State Council Office in Charge of Inspection of Tax Revenues, Financial Affairs, and Commodity Prices points out that certain regions and departments have not paid sufficient attention to the general inspection this year. The telegram says that their measures have been ineffective, their actions slow, and the results are unsatisfactory both in inspecting themselves and in inspecting selected units.

The telegram says: The work of inspecting selected enterprises must be accomplished both qualitatively and quantitatively, and all offenses must be verified and handled according to regulations. Repeated offenses and serious cases must be publicized and handled strictly, and the responsibilities of the leading authorities and the relevant parties must be investigated.

The telegram points out: Each and every unit must inspect its fiscal affairs, and those that have not must catch up and make up what they missed. All regions, departments, and units that have checked their fiscal matters only perfunctorily must make up what they have not done and accomplish all assignments within a specific period. Confirmed offenders, who accomplished nothing in inspecting their fiscal affairs, must be instructed to recheck their fiscal affairs and also have their fiscal records rechecked by inspectors on a selective basis. The small treasuries [1420 6855 1655] must be thoroughly checked, and every effort must be made to collect and deliver all collectible but unpaid revenues to the state treasury.

The State Council Office in Charge of Inspection of Tax Revenue, Financial Fiscal Affairs, and Commodity Prices stresses that December is a critical month having decisive significance for making a success of the general inspection and the inspection of all small treasuries. It says that regions, departments, and units that cannot accomplish the aforementioned assignments by the end of this year must continue with the assignments next year and by no means should they call off and conclude the project casually.

State Council Group Investigates Drug Market

OW0312214089 Beijing XINHUA Domestic Service in Chinese 0615 GMT 28 Nov 89

[By reporter Xiong Jinchao (3574 6855 6389)]

[Text] Beijing, 28 Nov (XINHUA)—A joint investigative group formed by relevant departments under the State Council has been examining the pharmaceutical

market in Henan, Anhui, and Jiangsu Provinces on a selective basis since mid-November.

The pharmaceutical market in many parts of the country has been in disarray in recent years, owing to the fact that state, collective, and independent units as well as trades and professions all wanted to have a share in the pharmaceutical wholesale business. On one street near the Anyang Railway Terminal, Henan, there are over 100 collective and independent pharmaceutical wholesalers. In addition to those belonging to the pharmaceutical trade, other wholesalers are operated by units under more than 20 departments, including those in charge of public health, agriculture and animal husbandry, supply and marketing, commercial businesses, and taxation. Some are operated by schools, bureaus in charge township enterprises, or neighborhood offices. By the end of June this year, Fuyang Prefecture in Anhui had 1,887 pharmaceutical wholesalers. With the exception of the 143 operated by the state, all the others are operated by collective and independent owners through various channels. Under the collective signboards, many are run by independent operators.

The investigation group, which is composed of personnel from the State Pharmaceutical Administration, the State Planning Commission, the State Commission for Economic Restructuring, the State Administration for Industry and Commerce, and the State Administration of Commodity Prices, visited Anyang and Shangqiu in Henan, Fuyang, and Hefei in Anhui, and Wuxi and Suzhou in Jiangsu, from 11 through 25 November. They found that in these cities the overwhelming majority of the new but not state-operated pharmaceutical wholesalers were operating in ill-equipped buildings without the proper facilities for keeping pharmaceuticals or without the necessary equipment essential for controlling and assessing the quality of pharmaceuticals, thereby permitting bogus and inferior pharmaceuticals to deluge the market.

Meanwhile, some independent traders have violated the state regulations for pharmaceutical control and gone all out to engage in speculative activities. They market at high prices popular pharmaceuticals that are in short supply and dump unsalable pharmaceuticals at cut-rate prices. This has seriously upset the pharmaceutical distribution system and the channels through which the state-operated pharmaceutical traders purchase and market their goods, sharply reduced the effective inventory of pharmaceuticals where there is a natural disaster or epidemic, and prevented the state-operated pharmaceutical traders from functioning properly. Some unlicensed independent and collectively-operated traders have also been illegally involved in the pharmaceutical wholesale business; because they resort to bribery in buying and selling, evade taxes, and engage in other tax frauds, they have seriously infringed upon the interests of the state.

It is reported that the relevant departments under the State Council will draw up plans and measures for

consolidating the pharmaceutical market in accordance with the findings of the joint investigative group.

Song Jian Cites 'Raids' on Shoddy Manufacturers

HK2511023889 Beijing CHINA DAILY in English:
25 Nov 89 p 3

[By staff reporter Ma Zhiping]

[Text] To check the flood of substandard goods, officials say they will conduct surprise raids on manufacturers and the market place in the year ahead.

"Technological supervision plays an important role in the country's economic rectification and deepening of reform," said Song Jian, State Councillor, at the first national technological supervision conference in Beijing yesterday.

Product quality has improved over the last decade, still, said Song. "poor product quality and scant profits of factories are still serious problems in the country's national economic development."

Some are enriching themselves by flooding the market with substandard goods, said Song. This has disrupted the economic order and the State's and consumers' interests have been hurt. Song urged technological supervision departments to attack these illegal activities on their own initiative and cooperate with concerned departments to remove fraudulent goods from the market.

Xu Zhijian, head of the State Administration for Technological Supervision said his administration and its local branches will improve their supervision. His people will focus on standardization of goods and measure improvements. Standards have been on the decline since 1985 as a result of the overheated economy, excessive distribution of national income and holes in the contract responsibility system adopted by factories which have paid too much attention to quantity and profit and too little on quality.

The State Administration will strengthen its supervision of factories making certain they choose quality products.

Official Says Bonuses To Remain Next Year

OW2211215289 Beijing XINHUA in English
1241 GMT 22 Nov 89

[Text] Beijing, November 22 (XINHUA)—The rumor that bonuses will be abolished next year is sheer nonsense, Gong Shuji, head of the Beijing Municipal Labor Bureau, said at a meeting here [word indistinct].

Gong said that bonuses reflected the socialist principle of distribution, from each according to his ability, to each according to his work, and that they had played an important role in arousing workers' enthusiasm.

He said that living an austere life did not mean no bonuses. In not a few enterprises bonuses account for about one-third of workers' income, and it is impossible to abolish them, he added.

Gong pointed out that during the austerity period production will grow at an appropriate speed, and workers' wages and bonuses can still be increased in enterprises with good management and high efficiency.

Gong stressed that in the next year the state will not take back enterprises' reward and wage funds, and that the roles of these funds would remain the same as before.

But, Gong said that austerity of course implied workers' wages and bonuses would not be increased as rapidly as usual.

Commentary Views Improving Grass Roots Building

*HK1411021389 Beijing JIEFANGJUN BAO
in Chinese 30 Oct 89 p 1*

[Commentator's Article: "One Important Guidance Thinking for Strengthening Grass-Roots Building in an All-Round Way"]

[Text] Director Yang of the General Political Department of the People's Liberation Army [PLA] has recently pointed out: To implement the "Program for the Grass Roots Building of the Army," we must "examine one company after another." This is an important guidance for profoundly grasping the grass roots units, and strengthening grass roots building in an all-round way. The practice of a certain army group has shown that as long as we conscientiously persist in doing so, our grass roots building will scale new heights.

"Examining one company after another" is a correct method for understanding and evaluating the situation of grass roots building. Three years have passed since the Central Military Commission put forward a strategic policy decision of "grasping the grass roots units to lay a good foundation" in 1986. How are the results? What problems have still existed? It is now the time for us to conscientiously review our work and sum up our experiences. To draw a conclusion which conforms with our present reality, we must "set our eyes" on one company after another. Only by getting familiar with the situation in every company, detecting the problems accurately, and making a practical and systematic analysis, can we make an appropriate evaluation of the situation of the grass roots units over the past 3 years and sum up experiences of general guidance significance. In so doing, we will be able to reduce the blindness in grasping the grass roots work, further do our work with a definite object in view, enhance our work efficiency, and avoid taking roundabout course. If we only take a brief look at grass roots units, or "make a guess" at the situation there, we will possibly draw an incorrect conclusion which will provide a wrong guidance for the work at the grass roots level.

"Examining one company after another" is an effective way for enhancing the level of grass roots building as a whole. Strengthening grass roots building is a demand for each and every company in the entire army. The basis of our army lies in companies. Only by turning each and every company of the whole army into a staunch collective with strong ideological and political work, good military quality, strict discipline, close internal and external relations, better livelihood, and conspicuous organizational role, can we say that we have strengthened grass roots building in an all-round way. By implementing the plan of "examining one company after another," we can prevent some units from attaching importance to "window dressing" only, and from neglecting to grasp the majority of our companies in general. We can prevent them from attaching importance to the most advanced and the most backward only without grasping the majority in the middle category. This will help us solve the problem of uneven development in grass roots building, and enhance the level of grass roots building as a whole. Of course, this does not mean that there is no need for us to grasp the key units, or lay hold of problems of primary importance. Basically speaking, work at selected spots and that in entire areas are entirely identical and supplement each other. We must persist in the method of "spending one year on the work of a group of units, and three years on the work in the entire areas." After making persistent efforts for several years, we must be able to "examine" the work in each and every company in a planned way to attain the aim of strengthening grass roots building systematically.

"Examining one company after another" is a starting point for correcting the work style of the leadership organs which are responsible for grasping grass roots building, and a practical action beneficial to profoundly grasping grass roots building. Why the weak links in some grass roots units cannot be solved for a long time? Under the same conditions, some units can carry out grass roots building well, whereas some other units fail to do so. Why? This involves the working method of the leading organs. What is more important is that it involves the starting point of the work. Some leading organs thought more of the fact that they were "responsible for the higher authorities," but they thought less of the "units at lower levels." They thought too much about "fame and limelight." As a result, they could only gain an undeserved reputation, but were truly harmed. By "examining one company after another," we can effectively change the working style of our leading organs, and turn "general directives" into specific guidance. We can turn the work style of "taking official carriages to the grass roots units in massing, streaming columns" into that of striking root at grass roots level. We can change the method of gaining a superficial understanding through cursory observation into a down-to-earth manner of grasping things truly and conscientiously. By "examining" and helping one company after another, our grass roots building will scale new heights.

Apart from a good guidance thinking, we also need a down-to-earth manner in order to grasp grass roots

building. While following the guidance thinking of "examining one company after another" in the course of promoting grass roots building, various army units must attach importance to proceeding from their practical reality and make a careful analysis of the practical situation of the grass roots building. They must work out feasible plans and implement them conscientiously so that they can make achievements; then the guidance thinking of "examining one company after another" will become a conscious action of the whole army.

Medical Experts Warn Public About AIDS
*OW0212051689 Beijing XINHUA in English
1106 GMT 1 Dec 89*

[Text] Beijing, December 1 (XINHUA)—Chinese medical experts have warned the public to be on their guard against AIDS.

The experts, attending a symposium here on the prevention and treatment of AIDS, agreed that though the infectious rate in China is much lower than in other countries it is not possible to stop its infiltration.

The experts called on the state to widen supervision and set up consulting centers; to use disposable hypodermic syringes; and to publicly disseminate information on AIDS.

The experts also hope for encouragement in the study and use of traditional Chinese herbal medicine to treat the disease.

The symposium is sponsored by the Chinese Academy of Preventive Medicine.

Ministry Says Venereal Disease Increasing
*OW0212103989 Beijing XINHUA in English
0824 GMT 2 Dec 89*

[Text] Beijing, December 2 (XINHUA)—The incidence of venereal disease is increasing rapidly in China, according to the Ministry of Public Health.

Statistics from the VD monitoring centers of 16 major Chinese cities indicate that the disease increased 105.16 percent in the first half of this year as compared with the same period last year.

Of the reported cases, 134,691 were male patients and 69,386 were female.

Analysis shows that the number of child victims of VD and patients from the rural areas have increased in recent years.

From January to June this year, Beijing discovered 518 cases of VD, a considerable increase over the number for the same period last year.

A total of 204,077 cases of venereal disease have been discovered in China since the early 1980s.

The ministry also announced that a total of 32 AIDS patients and HIV-virus carriers have now been detected in China. Six of them were Chinese.

Of the Chinese cases, four were infected by imported contaminated blood products. One was discovered among VD patients in Beijing and reportedly had engaged in homosexual activities. The sixth victim is said to have recently returned from Africa.

The first AIDS case found in China was an Argentinean tourist, who died in Beijing on June 6, 1985.

So far, 140,000 persons in China have had blood tests for AIDS.

Policy Change Encourages Choosing Own Jobs
*HK2911003089 Beijing CHINA DAILY in English
29 Nov 89 p 1*

[By our staff reporter Qin Xiaoli]

[Text] China is changing its employment policies to encourage people to choose their own jobs, according to the Ministry of Personnel.

"The reform of China's personnel management system, which started after 1979, will continue, its goal being to make it convenient for people to choose and change jobs," said an official with the Department of Mobility and Allocation in the ministry.

More emphasis is being given to the interests of individuals, he said.

"In the past few years, we wanted technical personnel to move from big to small places and from cities to rural areas in order to improve the economies of backward and rural areas and many people have done so.

"Since last year, many have been seeking jobs in joint ventures with foreign investment or to newly opened economic or technology development zones for higher earnings."

Chinese engineers and technicians move less than people doing the same work anywhere else in the world, the official said. A recent survey indicates that on average, Chinese technical people change their jobs less than once in their lives.

But times are changing. Now, under new State policies, people who want different jobs and employers who need workers are more likely to have chances to seek each other out.

The Ministry of Personnel encourages both State and non-State talent markets. "Competition would promote efficiency," the official said.

In the past three years, 813,000 persons moved from State institutes to township or collective enterprises; 223,000 persons took long leave from State institutes to

do other work; 160,000 persons quit, and 235,000 persons were fired. Another 367,000 persons left their old work units without reporting to their bosses and were later dismissed, according to the State Statistical Bureau.

The biggest difficulty that prevents people from changing jobs is the current system which is described as work unit ownership of employees, he said.

China's employees and their work units are not bound by contracts but by family-like feelings of responsibility and dependence. Leaders of a work unit provide many services from housing and health care to funerals. In return, leaders expect employees to be loyal and leaders can say "No" to an employee asking to leave.

In China, if a person changes jobs with the approval of his former boss, his personal documents and wage files are automatically transferred to the new unit.

"In theory, a person can quit his job when he chooses to do so. But in practice, employees in State-owned units don't leave," he said. "Quitting from State-owned units means loss of a high social status, work record, housing, and he may never come back to a State-owned unit."

"We must return this right to State employees by promoting a contract system among technical personnel and the civil service system among government employees," this official said.

In addition, a comprehensive social security system and unemployment pension system should be established. He said at present cities like Shenyang, Shanghai and Ningbo have worked out local laws on these aspects. National regulations are being drafted.

Paper Carries QIUSHI 23 Table of Contents

HK0512032189 Beijing RENMIN RIBAO in Chinese
30 Nov 89 p 8

[Table of Contents for QIUSHI No 23, 1989]

[Text] Speech by Jiang Zemin at the 5th Plenary Session of the Party's 13th Central Committee (9 November 1989)

Article by Yuan Mu: "Correct Understanding of Situation is Basic for Grasping Guidelines of 5th Plenary Session"

Report: "Sum Up Historical Experiences, Positive and Negative, Bring Current Inflation Under Control—Responsible Person From State Council Development Research Center Answering QIUSHI Reporter's Questions"

Article by Shang Xiang: "Adhere to the Principle of Combining Planned Economy and Regulation by Market Mechanism—Studying Comrade Jiang Zemin's Speech at Meeting to Mark 40th Anniversary of PRC Founding"

Article by He Zuoma: "Why Does Jin Guantao Want to Negate Objectivity of Objective Reality?—Commenting on 'Man's Philosophy'"

Article by Yan Zheng: "Survey of Tianjin Municipal Leaders Making Policy Decisionmaking Process More Democratic and Scientific"

Article by Feng Xianzhi: "Mao Zedong and His Secretary Tian Jiaying (in Installments)"

Article by Chen Qingtai: "Important Way to Develop Spiritual Force"

Article by Chang Limin: "Roundup of Discussions of 'National Symposium on Marxist Philosophical Study and Philosophical Education Among Cadres'"

Article by Xiong Yufan: "Don't Take Lightly Ten Thousand Crags and Torrents"

Article by Lei Da: "For the Sake of China's 'Youth'—Reading Biographical Novel 'Li Dazhao'"

Correction to Commentator Views Ideological Work

HK0412025689

The following correction pertains to the item headlined "Commentator Views Importance of Ideological Work," published in the 4 December China DAILY REPORT, page 10: Column two, make sourceline read: HK0212100689 Beijing RENMIN RIBAO in Chinese 1 Dec 89 p 1 (correcting date of 24 Nov 89)

Science & Technology

Translation Software Attracts Foreign Buyers

OW0512065589 Beijing BEIJING REVIEW in English
No 49, 4-10 Dec 89 p 30

[Text] The Beijing Syntone Group Co. has succeeded in developing a ST-Marcopolo integrated software product. The system is capable of optical character recognition, English-Chinese translation and Chinese character laser printing and so has received much attention both at home and abroad. The potential buyers in the United States, Japan, Korea, Singapore and Hong Kong are anxious to purchase them. At the 1989 Chinese Character Computer Fair held in Singapore in October this year, for example, this software was well received by clients. Singapore Prime Minister Lee Kuan Yew was among those who viewed the performance of the software.

The Syntone Group Co. is one of the well-known high technology groups located in the Zhongguanchun New Technology Development Zone in Beijing. Since it was set up five years ago, Syntone has turned out 90 key scientific and technological projects, 7 of which are up to international standards. The super microcomputer ST-286H produced by the company in November 1988, for instance, won the project bidding put out by the World Bank. To date, the company has exported U.S.\$2.4

million worth of products. The ST-IMS-88 model ion mass spectrometer made in August 1988 is under state patent. Some science and instrument and meter companies in the United States, Britain and the Federal Republic of Germany have expressed an interest in cooperation with the company.

Syntone has also developed a new computer, the Syntone-Newsystem/1000, which is specially designed to calculate mathematical formula and machine expression. The new computer's function provides one-quarter or one half of a giant computer's functions at only 10 percent of the cost.

Article Views Progress of 'Spark' Program'

HK2311100989 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 46, 13 Nov 89 pp 9-11

[Article by Yi Miao (2496 2641): "The 'Sparks' of Science and Technology in the Chinese Countryside Are Gradually Acquiring the Momentum of a Prairie Fire"]

[Text] The "sparks" of science and technology started 4 years ago, have now gradually turned out to be a prairie fire: Natural resources in rural China are now being used in a more efficient way; the labor productivity has doubled and redoubled in some enterprises or even in some industrial branches; while the initiative of hundreds of millions of peasants in acquiring scientific and technological knowledge has been brought into play.

Analyzing From an Economic Point of View

The State Scientific and Technological Commission put forth the Spark Program in 1985. According to this program, all feasible methods will be used to encourage scientific and technical personnel to assist the peasants in applying modern scientific and technological knowledge to the development of 12 lines of production, including agriculture, fish breeding and poultry raising, mining, the processing industry, and animal husbandry; to the development of new products; and to the creation of social wealth.

The goal of the Spark Program is to spread science and technology among the peasants and encourage them to start new lines of production, change the mode of production and life, and seek local industrialization and modernization of rural areas.

The different component parts of the Spark Program were cautious choices made by the State Scientific and Technological Commission based on a comprehensive analysis of the current scientific and technological standards, and the status quo of township and town enterprises. For example, the production, processing, storage, and transportation of aquatic products; the breeding and raising of herbivorous animals (say, oxen, sheep, and deers) and the processing, storage, and transportation of related products; the intensive processing and comprehensive utilization of grain (including rice, wheat, corn, soya bean, and yam); the intensive processing and comprehensive utilization of fat

(all kinds of animal and vegetable oil); the growing, storage, and transportation of fruits; the processing and comprehensive utilization of local products of mountainous areas; the growing and utilization of precious Chinese medicinal herbs; the production of tonics and additives for food; the production of natural colors, flavors, and spices; the production of biological products; the production of feeds and additives for feed; the development of forestry and the production of forest products; the development of small-scale mining industry in mountainous areas; the development and production of building materials; the intensive processing and comprehensive utilization of industrial crops (such as cotton, jute, silk, and tobacco); the processing and comprehensive utilization of fur; new non-generic textile products; the manufacturing of garments; the manufacturing of furniture and other house accessories; the production of small articles for daily use; the promotion and application of new materials; and so on.

All the techniques that are used to develop these branches of production are compatible with the technical standard of the existing medium- and small-sized enterprises and township and town enterprises, and they can produce economic results within a relatively short period. Considered from an economics standpoint, the Spark Program has actually proved to be a program for the promotion of the commodity economy in rural China.

This program had achieved remarkable results by the end of 1988:

- A total of more than 14,600 showcase projects had been started, involving an investment value of over 8.75 billion yuan. More than 5,000 of these projects had been completed.
- The output value had increased by 13.98 billion yuan, while the value of turned-over profits and taxes had increased by 3.6 billion yuan. The amount of foreign exchange saved and increased thereby totalled more than \$1.6 billion.
- More than 500 showcase enterprises have been established, and more than 100 items of technology and equipment which suit the needs of rural areas have been developed.
- More than 4 million peasants have been trained into technical and managerial personnel.

The economic results are obvious. Statistics show that for those completed projects, the average input-output ratio is slightly higher than 5 times. If the chain effects caused by the diffusion of influence are taken into account, the ratio may be much higher.

The provinces of Jiangsu, Zhejiang, Fujian, and Guangdong, which are located along the southeastern coast, and some other relatively developed provinces, have made use of new technology to transform traditional industries and tried to turn scientific and technological achievements into production forces. Their performance in exploring the international market has been marvelous—a number of export-oriented industrial production

bases have emerged, earning an annual foreign exchange revenue of over \$13 million each. Jiangsu province, which has performed better than others, has earned an annual foreign exchange revenue of more than \$30 million and has built up at least 35 foreign exchange-earning and quality-oriented key industrial production bases. The number of exported products related to the Spark Program has increased to 300 or 400 items. These products have been exported to dozens of countries and areas, and quite a few of them have won international awards.

The Rise of "Spark" Industrial Groups

When the Spark Program was first introduced, it only involved a number of projects that were to bring rapid results and high profits within a short turnover period; in other words, projects that could be easily started and could readily achieve results. Such being the case, most localities only developed some small-sized enterprises and provided the peasants with some individual applicable techniques. However, in the course of implementing the program, common economic interests linked scientific and technological research units with producer units, and the demand-supply relationship between enterprises integrated relevant projects together in various forms. Such an association of complementary techniques has turned out to advantageous. As a result, industrial groups emerged.

Most of the existing "Spark" industrial groups enjoy strong scientific and technological support and have a great capability of exploring the market. With external support, these industrial groups are very likely to present a practicable road to prosperity in the process of socializing promising industries in rural areas and in the development of a favorable local environment for industrial development through scientific and technological progress.

Now a number of industrial groups which play a leading role in pushing forward local economic development have emerged in the provinces of Hubei, Heilongjiang, Hebei, Shandong, Jilin, Fujian, Guangdong, and Jiangsu, which introduced the Spark Program earlier than other provinces and have made greater progress than others. By the first half of this year, Shandong Province has had at least 10 well-established industrial groups, and Guangdong Province has also established more than 10 new production bases. Other comparatively underdeveloped areas, such as Jiangxi, Guangxi, Yunnan, Qinghai, and Gansu, also have their own advantages that must not be ignored—their rich natural resources. In these areas there is a hope of changing their superiority in terms of resources into a superiority in terms of commodity production as well as developing an economy of moderate scale, so long as advanced and suitable supporting technology is available. Among typical examples for this is the development of poultry breeding in Jianjiang, Guizhou Province, and the growth of the lactic acid industry in Henan.

The most important ground for the growth of "Spark" industrial groups is in those booming township and town enterprises. And the rise of "Spark" industrial groups in turn pushes ahead the development and upgrading of township and town enterprises.

According to the sequence of priority set by the state for industrial development, township and town enterprises, as disparate replicas at a lower development level, which have only been booming in the past few years, are encouraged to join together to form a relatively concentrated reasonable structure. In this way, they will be able to develop into some backbone industries with a larger scale and will be able to gather in large areas to produce quality commodities in large quantities, give better economic results, and play a decisive role in local economy.

Under such a circumstance, the historical task of the Spark Program is, on the one hand, to help and encourage township and town enterprises to readjust their development orientation and their product mix in the light of a set of criteria—the economic results, social benefits, and ecological effects—and thus bring these enterprises onto the track that will finally transform them into backbone industries; and, on the other hand, to regroup related advanced technological branches to form lines of production, resolve key technical problems, assist township and town enterprises in catching up with their rivals in the same trades in terms of technological and economic standards, and thus build up within a short time the basic structure in support of industries.

Buildup a Self-expanding Mechanism

Researchers in China's rural development strategy believe that the traditional mode of production in rural China shows a great inertia and that it can hardly shift to the track of modern production without the motivation of some impacts. The Spark Program, as the product of the joint effect of the two major historical trends, namely, the reform of scientific and technological research structure and the second stage of the rural reform, is based on the following strategic logic: to introduce science and technology as an active element of production into rural areas, and use the successful experience of certain selected localities to bring about prosperity in other parts of the country. However, it is not easy to affect our immense rural areas with only a few separate scientific and technological experimental projects. A feasible method is to build up some relatively stable and powerful self-expanding Spark points, develop some networks formed by these Spark points, and thus create a self-expanding mechanism with all these Spark points and networks.

That is to say, we are to develop some intensive "Spark" areas. Here the term "intensive" carries two meanings: first, it means technology intensive; and second, these technology-intensive projects can serve as showcases.

After 4 years of effort, we have already built up more than 20 "Spark" technology-intensive areas throughout the country. Among them are areas selected by the State

Scientific and Technological Commission to start pilot projects and experimental areas supported by provinces. These intensive "Spark" areas show encouraging prospects in two aspects: First, all of them have large leading industrial zones, advanced scientific research bodies, and institutes of higher learning as their backing; and therefore they all have a pretty good capacity to assimilate imported technology and a good business management ability. Many of them have made use of the technological resources available in nearby areas or have established lateral economic ties with nearby areas. They also have used buildup structures characterized by integration of urban and rural economies. Second, the focus has been placed on some local key industries, and technology-intensive areas have served as the bases to enhance industrial technological standard and to promote development in all fields. With a view to developing product series and a full range of industries, many technology-intensive areas have now developed or are developing some technology-intensive products which are up to a certain technological standard and which are to be produced on a considerable economic scale.

In fact, some large-scale comprehensive technological development projects launched in light of local natural and social resources have achieved good results: Hebei's "Taihang Shan comprehensive technological development project," Liaoning's "123" project, Gansu's "113" project, and Sichuan's "Daba Shan comprehensive technological development project" are good examples. These large-scale projects may give rise to a number of economic and technological entities characterized by integration of industry, agriculture, and trade. Exerting influence on nearby areas and attracting resources around them, these projects serve as the bases on which intensive areas grow.

Specialists believe that "Spark" technology-intensive areas and local development pilot projects have upgraded the Spark Program to a new level, leading to an important stage of the technological development in breadth and depth in rural areas and a new stage of rural economic development.

Undoubtedly the development of these "Spark" intensive areas has shown some deficiencies. Quite a number of the existing "Spark" projects are merely groups of projects which happen to be located together, exerting no positive influence on each other. It appears that we still have to make greater efforts in the future to solve the problem of duplication of projects operated at a low technological level, and to start on a selective basis some projects that can serve as showcases, so that the Spark Program can expand to a still broader area.

A New Concept: All-round Scientific and Technological Service System

In the wake of the introduction of the contracted responsibility system linking remuneration to output on a household basis, scientific and technological service, which used to serve collective productive units, now has

to take care of hundreds of thousands of disparate households. The simple administrative means that were used in the past are no longer efficient for popularizing advanced techniques. What is more, since China's rural areas are no longer confined to unitary farming, the production structure there has undergone tremendous changes due to the introduction of the competition mechanism. These changes have placed various demands on scientific and technological service, and the past single disciplinary service system now cannot meet the needs of the times at all.

The development over the past 4 years has shown that we need to dredge the channels for conveying science and technology to hundreds of thousands of households as well as to all links of the production sector. To build up efficiently operating scientific and technological popularization, service, and demonstration networks through exploring rural technical markets in various forms is another important approach incorporated in the Spark Program to enhance technological standards, expand production scale, and promote the healthy development of backbone industries.

The economic development of rural China is now more and more strongly inclined toward the trend of integration of decentralized production and large-scale operation and the integration of small-scale production and socialized production. In response to this trend, some industrial groups and their supporting service systems have emerged in their embryonic form. And the rise of technical and economic contracting groups heralded the development in this direction. In Hebei province, for example, some 50,000 people have moved to rural areas to render technical services on a contract basis. This contingent of contractors comprises three types of people, namely, scientific and technical personnel, grassroots cadres, and local crackerjacks. Geared to the needs of the peasants, they provide the community with comprehensive supporting services, primarily technical service, during the whole production process, from the pre-production to post-production stages.

It is believed that, from a short-term point of view, these technical contracting groups can bind interrelated sectors and personnel together in a kind of relations of interests, so that they can make up each other's deficiencies under an interdependent relationship and form an overall integrated superiority; and, from a long-term point of view, they can help transform scientific and technological achievements into direct production forces within a large scope, promote application of a full range of supporting techniques, consolidate various industrial branches, and give full play to the advantages of the economy of scale.

Another form that merits attention is all kinds of peasants' associations, which are established by peasants on their own, based on the principle of voluntary participation. These technical cooperative organizations established by peasants, based on the principle of voluntary participation and mutual benefit, do not cause any

change in the basic system of linking the agricultural households' remuneration to their output, but help coordinate the peasants' individual production and economic activities mainly through unified technical measures, socialized technical service, and a series of services in terms of production, supply, and marketing. Thus they develop some mechanisms that serve these organizations themselves. Let us consider the case of Hebei Province again. More than 4,000 peasants' associations and societies for promotion of productive techniques have been established in this province. These associations and societies, together with more than 1,500 non-governmental research offices and service centers run by scientific and technical personnel and crackajacks who have resigned from their posts or quit their jobs temporarily on no-pay leave, form a scientific and technological service network. Let us also consider the case of Tianjin. In this municipality a number of experts and crackajacks joined together to establish a "Spark" association, whose purpose is to serve the Spark Program. With more than 200,000 members, this association has emerged as an enormous force which pools the resources from among the public in support of the Spark Program.

On the other hand, a number of professional societies run by the masses are shifting from unitary technical service to comprehensive technical and economic service. They are also changing from the state of loose association into a form of enterprises run with jointly raised funds under joint management. They are turning their attention from serving only a single production link to providing a full range of services. In fact this is the embryonic form of rural production cooperative associations. In light of the preliminary experience we have had so far, this type of cooperative associations is very likely to become one of the important forms of the scientific and technological supporting system for rural China; or it may even provide a new choice in the rural economic reform, namely, it may develop into a new type of cooperative economic organizations with scientific and technical service as their backing, which are to be established on the basis of the collective or household contracted system of responsibility linked to production.

The authorities concerned have drafted a set of model articles governing the operation of cooperative associations which provide a full range of scientific and technological services. A number of organizations in a few provinces and cities have been selected to enact these articles of association on a trial basis, and a number of service organizations which can serve thousands of peasant households have come into being. On this basis, the authorities are planning to establish a few regional production service centers. It can be expected that in 3 to 5 years, China will have a number of scientific and technical service organizations with their special features, serving as an important force supporting the development of regional backbone industries and paving the way for the development of a sound scientific and technical service system in rural areas.

Obviously the skeleton of the full-range scientific and technical service system will consist of state- and collective-run scientific and technological development service organizations as the main body, mass scientific and technical service organizations and peasant-run production technical associations as the two arms, and scientific and technical showcase households as the basic cells. All these together will form a diversified and highly efficient service network. The establishment and perfection of such a framework will effectively enhance the degree of socialization and the functions of scientific and technical development and service in rural areas to a new level.

Preference that Is Necessary

The original principal aim of the Spark Program, which was launched in 1985, is to inspire the 800 million Chinese peasants to boost agriculture and animal husbandry through application of science and technology, ensure that township and town enterprises will develop along the right track, and strive to finally fulfill the goal of modernization of agriculture and industrialization of rural areas.

However, the problem we are facing now is that there is a lack of potential for further development of agriculture, though the growth of township and town enterprises is gratifying. On the whole, capital construction for agriculture has been slowed down, or the situation has even deteriorated. For the present, extensive farming remains the predominant form of land management; the foundation that was laid during the 10 previous years in agricultural modernization has been basically given up in quite many places; and, in some places, people have laid undue stress on economic returns, which has led to the destruction of resources and environmental pollution and has had serious impact on agricultural production.

The seriousness of the consequences is far more than that. Just have a look at the following statistics:

1. In the past 10 years, scientific and technical personnel in Mainland China have increased from 4.6 million to 9.6 million. Of these people, only fewer than 1 million are engaging in scientific and technical work in rural areas, and there are still fewer people who are really engaging in agricultural scientific research. By the way, academic theses on agricultural science by Chinese researchers published in international academic journals in recent years account for only less than 1 percent among those on other fields of science!
2. As for the investments in rural scientific and technological projects, the amount that has been really invested in agriculture is so limited that it is just out of proportion as compared with the gross investment value. Those existing agricultural technical promotion services and animal husbandry technical service centers remain inefficient, despite the on-going reform.
3. There are 120 million high school and junior secondary school graduates among the Chinese rural population. But this figure is only valid for the time being. It will drop rapidly in the wake of the constant rise in the unschooled rate. What is more, many young people

among this less than 20 percent of educated rural population have quit farming to earn a living as workers or have left their home villages to work elsewhere.

Specialists believe that whether China's agriculture can be upgraded to a new level within a period in the future will have a bearing on the survival and development of the whole country and nation. The state authorities have decided to take the plan of "invigorating agriculture by promotion of science and technology" as a major task in the present nationwide scientific and technological development. Under this plan, preference will be given to agriculture when starting scientific and technological development projects, including those involving basic research and development of new technology. But specific measures have yet to be adopted to ensure that the development of agriculture and related trades will really be treated as a key sector. There are no specific measures to push all other sectors to support agriculture.

Over the past 4 years since the Spark Program was launched, its main theme has been to find a better way to introduce science and technology into the rural economy. Today, the Spark Program or the whole strategy for scientific and technological development in rural areas is being incorporated in local economic development plans. At least 15 provinces and 20 cities have drawn up their own plans for "invigorating the province/city through promotion of science and technology." A number of well-acclaimed "Spark mayors," "Spark secretaries," and "Spark county magistrates" have emerged as the leading singers of the "Spark program cantata." They are serving as leading cores to bring all resources together to achieve a harmonious development of scientific and technological service in rural areas. And this is where the hope of China's rural development lies.

Military

Army Paper Editorial Urges Unity

HK2311122589 Beijing JIEFANGJUN BAO
in Chinese 11 Nov 89 p 1

[Editorial: "Fortify Faith in Winning Victory, Close Our Ranks to Struggle"]

[Text] The 5th Plenary Session of the 13th CPC Central Committee which has attracted the attention of the entire party, Army, and people of all nationalities throughout the country as well as the entire world, has closed victoriously. The session examined and adopted the "Decision of the CPC Central Committee on Further Improving the Economic Environment, Rectifying the Economic Order, and Deepening Reform," deliberated and adopted the decision approving Comrade Deng Xiaoping's resignation from the office of chairman of the Central Military Commission, elected new leading members for the Central Military Commission, and concluded in complete success. The comrades of the entire Army resolutely support the major principles, policies,

and targets set forth by the plenary session, extend their respects to Comrade Deng Xiaoping who made great contributions to the party and state and who took the lead in abolishing the life-long tenure of leading posts for cadres, and firmly support the new leadership of the Central Military Commission with Comrade Jiang Zemin as its chairman elected by the plenary session.

The 5th Plenary Session of the 13th CPC Central Committee has been held at a time when the situation of the whole country is tending toward stability, and the work in all fields is advancing ahead. The session scientifically analyzed China's current economic situation, accurately estimated the difficulties, and sought ways and methods to overcome them. It is a session enhancing faith in victory, inspiring revolutionary enthusiasm, strengthening unity, and pooling the wisdom and efforts of the masses. The major policy decisions made by the session and the bright prospects opened up will play an immense role of encouragement, mobilization, organization, and guidance in the steady development of China's economy and society as a whole; to the building of revolutionization, modernization, and regularization of the Army; to increasing confidence; and to doing a good job of improvement and rectification work and deepening reform.

Comrade Deng Xiaoping has been an outstanding leader of our army and people who enjoys extensive support and a high reputation. The revolutionary practice over the decades shows that he has proved himself to be an outstanding Marxist, firm communist, and outstanding proletarian revolutionary, statesman, and strategist. As one of the party's oldest members and revolutionary activists, he made great contributions to the new democratic revolution, and the socialist revolution and construction led by our party. Following the downfall of the "gang of four," Comrade Deng Xiaoping became the core of party leadership of the second generation. He laid down the ideological line, political line, and organizational line suited to China's national conditions; put forward the basic theory of building socialism with Chinese characteristics; and upheld and developed Mao Zedong Thought under new historical conditions. His magnificent contributions to the founding and development of our Army will always be remembered by the comrades of the entire Army. In the decades of work of the Central Military Commission, he set forth the thinking and principle for building a modern and regular revolutionary army with Chinese characteristics and illuminated the direction for army building in the new period. In light of the developing changes in the international situation and the change in the focus of our party and state work, he called for a strategic change in the guiding ideology for army building. To set up a scientific establishment suited to modern warfare, he led the structural reform, streamlining, and reorganizing of the entire Army. He proposed upgrading education and training to a strategic position, which enormously enhanced the defense capacity of our Army under the conditions of modern warfare. He proposed inheriting

and carrying forward the Army's fine tradition of political work under the new historical conditions, and constantly strengthening the Army's revolutionary building under the conditions of reform and opening up. He made great creative contributions theoretically and practically to the building of the contingent of army officers, to the building of army academies, to the modern building of the logistics departments, to acquiring scientific knowledge and training people who can serve both the army and locality, and to the building of socialist spiritual civilization jointly by the army and the people. In the struggles to check turmoil and quell the counterrevolutionary rebellion in Beijing this year, our army could withstand the severe test under special conditions and proved itself to be qualified politically, thanks to his long-term education and training, and his wise decisions and command. Comrade Deng Xiaoping's experience and wisdom constitute a priceless treasure of our party and army. Although he has resigned from the office of chairman of the Central Military Commission, his thinking and principles on army building will continue to play a great, far-reaching, guidance role in the army's revolutionary, modern, and regular building.

After repeated deliberations, the 5th Plenary Session of the 13th CPC Central Committee appointed Comrade Jiang Zemin chairman of the Military Commission of the CPC Central Committee, Comrade Yang Shangkun first vice chairman of the Central Military Commission, Comrade Liu Huqing vice chairman of the Central Military Commission, Comrade Yang Baibing secretary general of the Central Military Commission and secretary of the Secretariat of the CPC Central Committee. This important personnel arrangement will be conducive to strengthening the party's absolute leadership over the Army, to the coordinated unity between state development and army building, and to the long-term stability of the Army and state. Since he assumed the office of general secretary of our party, Comrade Jiang Zemin has upheld the four cardinal principles, adhered to reform and opening up, paid close attention to party building and setting up a corruption-free government, and resolutely opposed bourgeois liberalization, which have resulted in a turn for the better in party style and social general mood; the restoration of social order; popular feeling tending toward stability; and withstanding pressure from the hostile forces at home and abroad. All this has proved that the collective leadership of the third generation of the party with Comrade Jiang Zemin as the core is firm and trustworthy. Under the leadership of Comrade Jiang Zemin, chairman of the Central Military Commission, we are fully confident in winning the victory of army building.

Historical experience has proved that we can overcome all difficulties with unity of the entire party, Army, and nation. The essential point of this unity is adherence to the "one focus and two basic points" and acting in unison with the CPC Central Committee ideologically and politically. Experience has also proved that we should carry forward the revolutionary spirit of plain

living and hard struggle to win the victory of our party's cause. We should rely on plain living and hard struggle to overcome the current difficulties and to strive for a bright future. In the course of improving the economic environment, rectifying the economic order, and deepening reform, we should also rely on plain living and hard struggle to take a new step forward in Army building. In this regard, the comrades of the entire Army should have ample ideological preparation. Let us unite closely around the CPC Central Committee and the Central Military Commission led by Comrade Jiang Zemin, resolutely implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee, fight for the same cause, pool the wisdom and efforts of the masses, and seize the new victory of army building and reform!

Article Considers Strategic Development

*HK2211065389 Beijing JIEFANGJUN BAO
in Chinese 10 Nov 89 p 4*

[Article by Huang Peiyi (7806 1014 5030) and Zeng Sunan (2582 5685 0589): "Carry Forward the Motherland's Traditional Culture, Develop Oriental Military Strategy Science—Roundup of Symposium on Study and Teaching of Military Strategic Science"]

[Text] How to carry forward the motherland's culture in the military field? Will China's wealthy and colorful military strategic ideas of several thousand years form a unique theoretical system? Can the advanced theoretical knowledge reflecting the philosophy of military struggles be used in teaching in the command academies? To discuss these problems, the Army Command Academy, after consulting with relevant units, held the Chinese Army's first "symposium on study and teaching of military strategy" in mid-October of this year. Present at the symposium were leaders from the Academy of Military Sciences, the University of Science and Technology for National Defense, command academies under all arms and services, army academies under the five military regions, cadre training classes under the General Staff Headquarters, the Chengdu Military Region Headquarters, the Second Artillery Corps, the People's Liberation Army (PLA) Publishing House, and the Jiangsu Provincial Military Region, experts, and scholars. Leaders of the Military Training Department under the General Staff Headquarters, and staff members of leading bodies of the department were also invited to attend the meeting.

The participating experts and scholars held profound discussions on the problems of founding a theoretical system of military strategies and carrying forward the motherland's traditional culture. They all agreed that carrying forward the motherland's traditional culture in the military field is of realistic significance, and the research on military theories is also a task which must be carried on for a long time. China is a country with a long history of strategical ideas. The ancient outstanding strategists as well as the proletarian strategists of the older generation such as Mao Zedong and others have

founded, and continually enriched and developed China's strategical ideas, which are precious. They are an important component part of China's aged-old traditional culture.

The participants had earnest and profound discussions on founding a theoretical system of military strategy and on the necessity and feasibility of incorporating the theory into the courses for the military command academies, and reached a consensus.

All participants believed that conditions for establishing military strategy as a new branch of learning have matured, which mainly finds expression in the following: On the one hand, the wealthy strategical ideas founded by our ancestors have laid down a solid theoretical foundation for setting up military strategy; on the other, a number of our brilliant theoretical research workers have worked hard on military strategies for the last decade and achieved gratifying theoretical research results. Military strategy has its own peculiar object of study, and category, and it is a theory studying the laws of ideological activities of rivals of a war. It has something in common with other disciplines or theories, yet it has an obvious theoretical research "boundary."

After ample discussions, the participants agreed unanimously that it is necessary to provide as soon as possible courses of study on basic theory of military strategy for PLA command academies. Since the 3d Plenary Session of the 11th CPC Central Committee, the drive to reform education has proceeded rapidly in all PLA command academies with the teaching in the form of raising a single question for study or discussion having gone over to teaching, treating the course as a branch of learning. To cultivate new qualified personnel who are able to handle modern warfare and adapt themselves to modern army building, the students are not only expected to master basic theories and "ways" of directing military operations, but also to be good at devising strategies. The Communication Command Academy Vice Commandant Professor Xie Wenku said: The high-tech warfare provides a wide field for application of strategies, poses new problems, and sets forth stricter demands, instead of rendering it useless. Only when they are superior to their rivals in strategies can military commanders vanquish the latter in modern warfare which resorts to advanced technologies and is treacherous. The Artillery Command Academy Training Department Chief Wang Yuhua said: In the past we also attached importance to strategies in teaching, but we were unable to make students see the whole picture, because the content of courses was not guided by a systematic strategical theory. All participants believed the basic objective of attaching importance to military strategical theory in class does not lie in telling students how to conquer the enemy by treacherous means, but lies in enabling them to develop macrocosmic ways of thinking to outwit the enemy, and to deeply understand the internal mechanism and form of expression of the application of strategies. The Army Command Academy Training Department Deputy Chief Professor Wang Kefu said: Deepening commanders'

understanding of strategies will help them master the essence of strategies and flexibly make use of the opportunities provided at the turning point. In the past as the content of courses was incoherent, the students were easily confined to set formulas. This shortcoming was exposed when our graduates failed to flexibly change their strategies in light of the enemy's situation.

The participants believed that we are still at the initial stage in trying to found this discipline and successfully incorporate it into the course of study. The basic concepts of military strategy, its object of study, purpose, category, tasks, and other principal theoretical problems still call for further discussions and scientific assessments.

After basically reaching a common understanding, the participants held further discussions over the plan, ways, and steps for establishing the theoretical system of military strategy as a new branch of learning and incorporating it into the course of study. They believed that for a new branch of learning, it should not be founded after the academic system and the teaching program have made room for it, but it should be established and improved in the practice of teaching after the relevant principal theoretical problems have been scientifically assessed. Theoretical research and teaching exert a influence on and promote each other, and we should constantly upgrade and deepen the study through closely integrating the former with the latter. The participants agreed that before establishing the course of basic theories applicable to the whole Army, it is necessary to do good in making preparations. That is, seminars on seven topics are to be organized by the Army Command Academy including the significance of military strategy, its general theories and ways, the relationship between the new discipline and traditional culture on the one hand and the new methodology on the other, Mao Zedong's military strategical ideas, the relationship between high-tech and military strategy, the strategical attainment of military commanders, and so on. The PLA Publishing House is planning to publish several series of books on strategy to supplement similar series which have been published, to form complete sets. Some academies proposed to incorporate the "strategies to confront each other in a military chess game" into strategical courses so that the effort to develop a theoretical system of strategy, teaching, and training will form a complete system.

Experts and scholars attending the meeting also held discussions on the guiding ideology and ways for establishing military strategy as a new branch of learning. They stressed that it is necessary to take Marxism-Leninism and Mao Zedong Thought as a guidance, preserve the correct basic orientation in studying strategy, have in mind the task of carrying forward the motherland's traditional culture, adhere to the principle of making the past serve the present, and attach great importance to the study of strategical ideas of Mao Zedong and other proletarian strategists of the older generation so that the new discipline will bear strong national and PLA characteristics. It is also necessary to

integrate the cream of Western strategy with oriental strategical ideas, and pay adequate attention to the impact of modern science and technology on military strategies so that the new discipline will reflect the features of our age. In conducting researches in this new branch of learning, it is necessary to take Marxist dialectical materialism and historical materialism as the basic methods, and make use of new disciplines, which are of methodological significance, as supportive methods, and work hard to find objective laws so as to make a substantial breakthrough and progress.

Economic & Agricultural

Commerce Vice Minister Discusses Market Demand

*OW0412014589 Beijing XINHUA Domestic Service
in Chinese 1118 GMT 1 Dec 89*

[By reporter Chen Yun (7115 5366)]

[Text] Beijing, 1 Dec (XINHUA)—At a time when the total demand strips the total supply with a sign of slackness in sales, the market will soon enter the traditional boom season. All commercial departments must seize this opportunity to whip up a sales campaign during the New Year and Spring Festival so that urban and rural people can cheerfully celebrate these two festivals.

This remark was made by Zhang Shiyao, vice minister of commerce, during an interview with our station reporter.

Zhang Shiyao held: The current sales slump is of a structural and temporary nature. It mainly involves manufactured goods and nonstaple foods, as well as farm, sideline, and special local products. It is possible that current slow-moving products may be in good and steady demand next year. This current sales slump is also superficial, because the general situation of the total demand stripping the total supply remains fundamentally unchanged. The main contradiction on the market is still the shortage of essential products, particularly that of readily marketable commodities and some major products which affect the national economy and the people's livelihood.

Recently, Zhang Shiyao carried out investigations at the basic-level. He discovered that, while signs of a sales slump prevail on the market, the basic-level wholesale and retail stores and supply and marketing cooperatives are short of commodities. The information provided by the Planning and Regulation Department under the Ministry of Commerce has also proved this point. Statistics compiled by the Ministry of Commerce at the end of October on merchandise inventory indicate that out of 58 varieties of major commodities, 35 have decreased in quantity compared with the same period last year. The statistics compiled by rural supply and marketing cooperatives show that out of 36 varieties of manufactured products in stock, 26 have decreased in quantity. The total value of merchandise in stock in basic-level supply

and marketing cooperatives has been increased by only 5.8 percent. The merchandise inventory has noticeably dropped if price increases are taken into account.

Zhang Shiyao said in analysis: The above situation is because of the shortage of capital funds and high interest rates on bank loans. It is also because grass-roots commercial enterprises do not want to take any risk by replenishing their stock with goods of decreasing prices. He said: Both our urban and rural markets, particularly the vast rural market, have a great potential. Currently, the supply and variety of a considerable number of commodities are still far from meeting the needs of the peasants.

Zhang Shiyao said: The forthcoming New Year's Day and Spring Festival will provide commercial enterprises with a good opportunity to increase sales, invigorate the market, and readjust their stock structure. All the commerce departments at various levels and all enterprises throughout the country must take action immediately, enhance vigor, and work with one heart and one mind to push the recently-started sales promotion activities to a new climax. In order to promote sales, the Ministry of Commerce hereby puts forward eight demands:

1. It is necessary to change both mentality and work style. Instead of waiting for customers in the store, we should deliver goods to customers' houses and to rural areas. In particular, leading cadres at all levels should pay attention to the holiday season commodity supply and regard it as the current central task.
2. It is necessary to try in every possible way to increase the supply of industrial products to rural areas. Currently, the purchase of agricultural and sideline products is in full swing. All localities should make great efforts to supply more industrial products to rural areas and barter industrial for agricultural products while continuing to do a good job in buying and selling agricultural and sideline products. It is necessary to give full play to the main channel role of state commerce and the supply and marketing cooperatives. It is also necessary to organize collective commerce and individual traders to do business in rural areas. Business operations should be flexible and diversified. State commerce may help grass-roots-level supply and marketing cooperatives with preferential terms, such as installment payments, settling accounts after merchandise is sold, sales on a commission basis, and so on. State commerce may also do business directly in rural areas by holding commodity fairs and running shops-on-wheels there.
3. It is necessary to form industry-commerce and agriculture-commerce associations. We should promote the sales of industrial products by organizing joint industry-commerce marketing or by selling industrial products by commercial enterprises on a commission basis. In the course of sales promotion, the Industrial Department should be encouraged to readjust product mix and increase effective supply. We should strengthen agriculture-commerce association and make great efforts to

help peasants sell meat, poultry, eggs, vegetables, fruit, and other nonstaple food in urban areas to enrich the urban market during the holiday season.

4. It is necessary to alleviate capital fund shortages. In addition to seeking the support of banks, the Commercial Department should actively tap its own potential, improve the management of capital funds, and cooperate with banks in accelerating the settlement of "triangle debts [san jiao zhai 0005 6037 0280]."

5. It is necessary to conduct a general inventory of warehouses. Efforts should be made to market overstocked goods, while timely replenishment of understocked goods should be made to prevent market shortages.

6. It is necessary to hold sales contests during the holiday season, according to local conditions, to see who is the best in selling goods, implementing policies, and serving customers. We should strengthen the ranks of sales personnel, improve service, and create a sales boom.

7. It is necessary to unclog the commodity circulation channel, and resolutely oppose a mutual blockade between different regions, and between urban and rural areas.

8. We should arouse the enthusiasm of both buyers and sales personnel, do all we can to help them overcome difficulties in their livelihood, and correctly handle the relationship between conducting normal business activities and promoting ethical integrity.

According to Zhang Shiyao, the Ministry of Commerce, after repeated analysis of the recent market situation, has predicted that the weak market will continue for a period, but the general trend of the market next year will be stable, brisk and with some shortage. So, the Ministry of Commerce will continue to adhere to the principle of stabilizing the market to ensure the supply of the people's daily needs on the one hand, and invigorating the market to promote purchases, sales, and production on the other.

Investment Cuts in Fixed Assets Recorded

OW2611051989 Beijing XINHUA in English
0137 GMT 26 Nov 89

[Text] Beijing, November 26 (XINHUA)—Investment went down 10.6 percent to reach 131 billion yuan in the fixed assets of the state-owned enterprises in the past ten months as compared with the same 1988 period, according to a release by the State Statistical Bureau here today.

In the first three quarters of this year, China suspended the construction of 18,000 projects, including 2,500 hotels and buildings, saving a total of 67.5 billion yuan, in line with the government's policy of improving the economic environment and straightening out the economic order.

A bureau official said that 24 out of the 30 provinces, municipalities and autonomous regions on the mainland have reported cuts on investment in fixed assets. Hubei, Jiangsu, Anhui, Shandong and Qinghai Provinces, and Guangxi Zhuang Autonomous Region cut their investment by 20 percent.

Yet, Hainan, Tianjin, Tibet, Shanghai, Heilongjiang and Inner Mongolia invested more in fixed assets in the past 10 months than the same 1988 period, with Hainan's investment growing by 63.6 percent.

Investment in fixed assets of local state-owned projects totaled 69.5 billion yuan from January to October, down 14.8 percent compared with the same 1988 period.

Analysts here believe that owing to the overexpansion of capital construction in the past few years, China is expected to further cut the investment in such non-urgent projects as hotels and buildings, processing projects and those consuming too much energy.

Registration of Foreign Exchange Loans Outlined

HK2211011189 Beijing RENMIN RIBAO in Chinese
13 Nov 89 p 2

[XINHUA report: "Procedure for Registration and Administration of Foreign Exchange (Transferred) Loans (Promulgated by the State Administration of Exchange Control on 10 November)"]

[Text] XINHUA—Article 1: In order to strengthen the macro-management of foreign debts and further empower local authorities and departments to make decisions on the use of foreign exchange, the following method has been worked out in accordance with the requirement "in order to further perfect the supervisory system in the registration and calculation of foreign debts, it is necessary to list all debts in the state's foreign debts calculation and supervisory system, and to register all debts, whether directly borrowed from overseas or transferred as loans at home," as laid down in the State Council's "Notice on Strengthening the Administration of the Borrowing and Use of International Commercial Loans."

Article 2: The foreign exchange (transferred) loans according to this method (hereinafter referred to as transferred loans) refer to the following categories of foreign exchange which are used by units in the country, which are supported with foreign currencies, and which carry a contractual obligation of repayment:

1. Loans transferred from international monetary organizations and from foreign governments;
2. Leases transferred from international monetary organizations and foreign exchange leases in the country;
3. Foreign exchange loans made by a domestic bank or non-banking financial organization;
4. Transferred loans in other forms.

Article 3: The state will practice an overall system for the registration and administration of transferred loans. The

State Administration of Exchange Control and its branches (hereinafter referred to as exchange control departments) are responsible for the registration and administration of transferred loans and for the examination and approval of capital and interest repayment.

Article 4: Should a unit intend to borrow transferred loans, it should register with the local exchange control department and obtain a registration certificate of a transferred loan, attaching a valid duplicate of the contract or agreement on the transfer of loans within 10 days after a contract or agreement on the transfer of a loan is signed.

Article 5: After drawing and using the transferred loans, a unit should immediately fill out a registration certificate according to one of the following conditions, and send a photocopy to a local exchange control department on the following day:

1. It should be filled out when a unit which borrows the foreign exchange loan of a domestic bank or non-banking financial organization receives a notice of the loan drawn.
2. It should be filled out after a loan is made when payment is made by a letter of credit.
3. In the case of a transferred loan for which a circulation fund account has been opened in the country, it should be filled out when the account is credited with a circulation fund.
4. In the case of a transferred loan by means of borrowing, it should be filled out when the equipment is officially put into use.

Article 6: When the time comes for a unit to repay capital and interest or pay rent for the transferred loans, it should in advance go through the formalities for examination and approval in its local exchange departments for repayment of capital and interest or for payment of rent, attaching the registration certificate and a notice of repayment of capital and interest or notice of rent payment. The bank with which the unit has an account should go through the formalities for repayment of capital and interest or for payment of rent, attaching the approved documents issued by an exchange control department.

Article 7: After repaying the capital and interest or paying the rent, a unit should fill out the registration certificate in accordance with the proof of payment issued by the bank with which it has an account. It should also send a photocopy to the local foreign control department on the following day.

Article 8: A unit should submit the registration certificate to the local exchange control department within 1 week after it has paid the last installment of capital and interest.

Article 9: An intermediary department responsible for transferring loans which either directly borrows foreign

exchange, spot exchange, or loans transferred from non-additional repayments must also register for transferring loans; it may, however, do so by handing in monthly reports.

Article 10. The bank with which a unit has an account must strictly comply with the stipulations on the procedures for transferring, repaying a transferred loan, or for payment of rent upon production of the registration certificate of a transferred loan and approved documents. After the procedures for receiving and paying a transferred loan have been completed, it should immediately send a copy of the proof of receipt and payment of a transferred loan to the local exchange control department and make sure the two-way inspection system for registration has been implemented.

Article 11. Should any one violate any of the above stipulations, the local exchange control department may, depending on the situation, place a penalty of no more than 3 percent of the relevant amount of a loan.

Article 12. Any one who has not repaid a transferred loan before the promulgation of this law should register at the local exchange control department from the promulgation of this law to the end of 1989.

Article 13. Where there is difficulty in providing detailed registration for a loan transferred from a domestic bank and non-banking financial organization, a unit may entrust its creditor to proceed with such registration on its behalf by handing in a monthly report which is compiled and prepared by the State Administration of Exchange Control.

Article 14. This method takes effect on 15 November 1989. Interpretation rests on the State Administration of Exchange Control.

Foreign-Funded Enterprises Report Profits

*OW2411043789 Beijing XINHUA in English
0228 GMT 24 Nov 89*

[Text] Beijing, November 24 (XINHUA)—Ritz and Maria Biscuits have turned into a favorite of Chinese children as they have edged their way on to the market over the past year.

Baking 20 tons of biscuits a day, the Yili-Nabisco Biscuit and Food Company—a joint venture run by the U.S. RJR Nabisco Ltd. and a Chinese company with a capital of nine million U.S. dollars—now holds a 70-percent share of the biscuit market in Beijing. It has hit this year's profit target in six months.

The biscuit business is booming, but it cannot explain the whole story of foreign-funded enterprises in China. More than 8,000 Sino-foreign joint ventures have started operations and about 85 percent of them made profits.

Analysts said three major factors that enable foreign investors to make money in China are cheap labor

(workers are paid about 100 U.S. dollars a month), lower taxes than in other Asian countries, and a market of 1.1 billion people.

Jing Shuping, president of the China International Economic Consultants, said: "It is common sense that no businessmen in the world will brag to the media that they are making big money in the host country."

"If nobody makes a profit in China, how can we explain the fact that the number of businesses with foreign capital is increasing year by year, and many of them are expanding?"

In the first three quarters of 1989, 4,281 Sino-foreign joint ventures were launched with a total contracted value of 4 billion U.S. dollars.

Thanks to the opening policy launched by Deng Xiaoping, China had approved 20,278 foreign-funded businesses in the past 10 years, including 11,286 equity joint ventures, 7,712 contractual joint ventures and 1,230 firms solely owned by foreign investors.

Under the contracts signed for these ventures, a total of 32.2 billion U.S. dollars was pledged by foreign investors and the actual paid-in foreign investment hit 14.1 billion U.S. dollars.

However, some enterprises are now facing problems, such as shortages of ready cash, energy and raw materials. Government departments are helping to tide them over by granting new loans and ensuring the supply of materials.

Shen Jueren, vice-minister of foreign economic relations and trade, said that the overall investment climate in China is attractive to foreign investors because it enjoys rich natural and human resources, with a vast market and comprehensive industrial system. The government has adopted a policy of low taxes and fees.

After the May-June unrest in Beijing, many foreign investors and business people became sceptical about Chinese political and economic stability. While some have gradually overcome their concern after learning the true situation, others are not sure how things really stand.

Jing Shuping has told visiting foreign bankers and industrialists that people should look at the question from two points of view:

The first is the continuity of the policy. China's third generation of leadership headed by 63-year-old Jiang Zemin has now come into being and explicitly reaffirmed continued implementation of the general policy of opening to the outside world and carrying out the reforms.

The second is the reaction and sentiments of the majority of the people. Despite the turmoil of a few

months ago, life is back to normal everywhere, and people are walking about as relaxed as at any time before.

As for the market, Jing Shuping said: "China's huge market is only a potential one. This is determined by the present low purchasing power and limited reserves of foreign exchange. With the development of the economy, the market will open wider and wider."

Jing Shuping advised foreign investors: "Those friends who are interested in this huge market should look at it and work out their strategy from a long-term perspective.

"The most important thing to do in trying to enter the China market is to identify a suitable project which is in keeping with Chinese industrial policy as well as being a good partner."

Bank To Loan 13 Billion Yuan for Construction

OW2611103189 Beijing XINHUA Domestic Service
in Chinese 0709 GMT 16 Nov 89

[Text] Beijing, 16 Nov (XINHUA)—The People's Construction Bank of China recently decided to arrange an additional 13 billion yuan for loans by the end of this year to support construction projects to be built under state plans, as well as other key construction projects.

The Construction Bank has been exerting every effort this year, within the framework of its earnest implementation of the policy of tightening expenditures and loans and strictly controlling the amount of money earmarked for credit and investment, to encourage savings to make more funds available at its disposal. In accordance with the state's production policy, the bank gives priority to supporting the construction of key state projects with the money it has raised from various sources.

Trade Leaders Join Business School Board

HK2711015089 Beijing CHINA DAILY
(BUSINESS WEEKLY) in English 27 Nov 89 p 1

[By our staff reporter Xiao Yuan]

[Text] Leaders of major Chinese foreign trading firms on Friday took their places on a Beijing business school's newly created board of trustees, expressing gratitude and pledging more financial support.

General managers from more than 20 national import and export companies make up most of the trustees of the University of International Business and Economics (UIBE). The three honorary chairmen of the board are Rong Yiren, Vice-Chairman of the Standing Committee of the National People's Congress; Zheng Tuobin, Minister of Foreign Economic Relations and Trade (Mofert); and Hong Kong business magnate Henry Ying Tung Fok.

UIBE, founded in 1954 under auspices of Mofert, is the country's only university that specializes in foreign trade.

The university has produced more than 20,000 foreign trade specialists. These graduates currently make up half of the Chinese foreign trade staff and more than 1,500 of them are stationed overseas. Enrollment, currently at 2,300 full-time students, has become highly competitive because a job in foreign trade offers good opportunities for high salaries and travel abroad.

Li Lanqing, Mofert Vice-Minister and chairman of the new board, said at its founding ceremony on Friday that the trustees will advise on the important matters of the university, and of course, "raise and support funding for the school."

About half the trustees are UIBE alumni.

Sun Weiyang, president of UIBE, said that foreign-trading firms and government offices have given 10 million yuan to help the university.

But still it's short of funds.

Government subsidies have lagged behind demand for several years in a row and the university does not have enough money for books and student dormitories, Sun said.

The university has spent more than four years to set up its board of trustees, Sun said. Its purpose is to raise funds as well as to supervise its teaching policies and future expansion.

Sun hoped that the board of trustees, one of the few such institutions at any Chinese college, will help the university become one of the best in China.

UIBE hopes to have 5,000 full-time students, including 100 for doctorate degrees and 500 for master's degrees, by the year 2000.

Tong Zhiguang, general manager of the Hong Kong-based China Resources Corporation and a 1957 UIBE graduate, said the corporation would do its best to help finance the university.

"We'll help whenever you need it," he told university officials.

But he suggested that the university concentrate on improving teaching quality instead of creating more courses.

"For the past couple of years, we've found it necessary to teach our employees fresh out of college to be more patriotic and to observe discipline," he said.

Another trustee, Cai Peikang, deputy general manager of China National Cereals, Oils & Foodstuffs Import & Export Corporation, thanked the university for having trained nearly all his staff.

But he echoed Dong's complaints by saying that many new graduates are interested in becoming chief negotiators and many go abroad for advanced studies just a couple of years after starting work.

Coal Industry Meeting Stresses Science, Technology

OW1711133289 Beijing XINHUA Domestic Service
in Chinese 1010 GMT 9 Nov 89

[By reporter Zhao Mingliang (6392 2494 0081)]

[Text] Beijing, 9 Nov (XINHUA)—The development of China's coal industry depends on scientific and technological progress. This is a unanimous view expressed by the people of the coal circle attending a recent meeting in Beijing to discuss plans to boost the development of the coal industry.

More than 100 responsible persons of coal enterprises and coal administrative departments in various areas are attending the national meeting on scientific and technological work for the coal industry, which is being held in Beijing. After making an analysis, they said that despite the fact that China's coal industry recently had developed rapidly, compared with other major coal producing countries of the world, China is still backward in terms of the employment of too many workers, low efficiency, and poor safety measures. The coal industry is confronted with an arduous task: It must turn out more than 1.4 billion metric tons a year by the year 2000 to meet the needs of national economic development. This means that in the next 10 years, China's coal output must increase at an average rate of 40 million metric tons a year. It is difficult to achieve this goal by depending on manpower alone to increase coal production. It can only be achieved by depending on scientific and technological progress, in other words, by making the development of coal gradually dependent on scientific and technological advancement.

It has been learned that China's coal industry has worked out a program for developing science and technology. Arrangements have been made to develop 50 important technical items aimed at mechanizing coal excavation and transportation, improving coal mine safety and coal processing, and raising economic efficiency. At the same time, vigorous efforts have been made to publicize 100 highly efficient new technologies.

Fiberglass Reinforced Plastic Products Developed

OW2211043589 Beijing XINHUA Domestic Service
in Chinese 0007 GMT 16 Nov 89

[By reporter Zhang Xiangbo (1728 0686 3134)]

[Text] Dalian, 16 Nov (XINHUA)—China's fiberglass reinforced plastic manufacturing industry, which was developed in China at a fairly late stage, is advancing to a new level of development. The industry now manufactures over 1,000 products, the majority of which are now for civilian as opposed to military use.

This information was provided by the Board of Directors of the Society of Fiberglass Reinforced Plastic of China, formed in Dalian recently. According to the information, China's fiberglass reinforced plastic manufacturing industry was formed in 1958. After 30 years of

self-reliant development and after the transformation of old enterprises through the importation of advanced technology in the 1980's, the industry now ranks among the top 10 in the world in terms of production quality and technology. At present, there are 1,500 large-, medium-, and small-sized fiberglass reinforced plastic manufacturing enterprises in China, forming a complete network of scientific research, design, production, and operation. These enterprises have provided not only high-quality heat-resistant materials for launching rockets and satellites in China, but also have manufactured a wide range of products for use in the railway, automotive, shipping fields, as well as scores of other fields including the building materials and chemical engineering industries. The use of fiberglass reinforced plastic in automobile frames has made possible a 100 kg reduction in the weight of automobiles. The life span of such products as corrosive-resistant fiberglass reinforced plastic pipes, cans, and acid treatment troughs is several times that of similar products made of steel. Most of the sculptures erected in China's cities and scenic areas in recent years are made of fiberglass reinforced plastic. It is easier to sculpture this material than cement and stones and is comparatively cheaper. In the outskirts of some cities, fiberglass reinforced plastic has been used in the construction of greenhouses that grow tomatoes and cucumbers. The output of these will increase around 50 percent if grown in such greenhouses.

Article Urges Correct Understanding of Economy
HK271110489 Beijing RENMIN RIBAO in Chinese
17 Nov 89 p 6

[Article by Ma Hong (7456 3163): "Have a Correct Understanding of the Economic Situation, Continue To Do a Good Job in Economic Improvement and Rectification"]

[Text] Marked changes have taken place in China's economic situation since the policy of improving the economic environment, rectifying the economic order, and deepening reform was laid down by the 3d Plenary Session of the 13th CPC Central Committee. A major problem facing us is to understand the present economic situation correctly and work out a correct principle. The 5th Plenary Session of the 13th CPC Central Committee has approved the "decision of the CPC Central Committee on further improving the economic environment, rectifying the economic order, and deepening reform." This decision scientifically analyzes the present economic situation and provides correct measures for the settlement of the present problems.

Now China's economic improvement and rectification work has entered a crucial period during which a correct understanding of the present situation is very important. Our previous mistakes were generally connected with our wrong appraisal of the situation and difficulties. I fully agree with the fifth plenary session's analysis of the present economic situation. We should fully confirm our achievements and practically appraise our difficulties.

On the part of party cadres, their main problem is an inadequate appraisal of the present difficulties.

Over the past year, the country has made marked achievements in economic improvement and rectification work despite the turmoil and counterrevolutionary rebellion between spring and summer and sanctions by some Western capitalist countries. Economic overheating has dropped, the contradiction between supply and demand has decreased, money recovery has proceeded well, commodity prices have gradually dropped and the people's worry over price increases has reduced. All this has proved that the policies formulated by the 3d Plenary Session of the 13th CPC Central Committee are correct. However we should soberly understand that the present economic situation is grim. For example, an abrupt decline may possibly arise in industrial production because of a gradual slowdown in the industrial growth rate in the latter half of this year; economic results have become worse; disproportion in the national economy has not turned for the better; there are many factors that may cause a drop in revenues and an increase in expenditures; in particular, the central authorities seriously lack financial power and their ability to exercise macrocontrol has greatly weakened; the economic order is still seriously confused; an excessive proportion of national income is still earmarked for consumption; and gross demand still remains in excess of gross supply.

It should be pointed out that these problems have not occurred because of economic improvement and rectification, but have resulted from mistakes in economic work that emerged in the latter half of 1984.

We should fully understand and appraise the present economic situation. Difficulties can be overcome as long as our policies and principles are correct. First, our difficulties have cropped up at a time when great development has been achieved in the national economy and a marked improvement has been made in the people's livelihood. These are difficulties in course of advance. In particular, we built a comparatively solid material foundation for the last 10 years, during which the people's ability to forbear an economic adjustment has grown stronger than ever before. Second, the 10 years of reform have provided enterprises with certain vigor and certain ability to overcome difficulties as well. The development of the socialist market structure, including the commodity market, has alleviated the repercussions caused by the economic adjustment. The state has announced its industrial policy and effective administrative and economic methods have been formulated to exercise macrocontrol. Third, we have gained experience in previous economic adjustments and in overcoming difficulties. Fourth and the most important, we have the firm leadership of the party, an advanced socialist system, the new leading group elected by the fourth plenary session, correct policies and principles announced by Comrade Jiang Zemin on behalf of the CPC Central Committee, and an important decision approved by the fifth plenary

session. We will overcome our difficulties as long as the entire party and people conscientiously implement these policies and principles.

Now economic improvement and rectification work has entered a crucial period of adjusting the structure and raising economic results. Because the market is weak, many enterprises have found it difficult to sell their products and this has caused a drop in their production. Thus they have called for relaxing the "double retrenchment" policy. Viewed from the overall situation, this call is not favorable to economic improvement and rectification. In this crucial period, the CPC Central Committee made an important decision to continue the "double retrenchment" policy and to carry out a structural adjustment and improve economic results while controlling gross social demand. This correct decision was made in a timely manner and will help us out of our economic difficulties.

To put this important decision into effect, it is first necessary to control gross demand, particularly demand for increasing investments in fixed assets. Retrenchment for this year's projects should be introduced "genuinely" and retrenchment for next year's projects will continue on this basis. In addition, the investment structure should also be improved so as to bring about a stable increase in the basic industry and to prevent the processing industry from expanding. Now a certain degree of relaxation has appeared in the market, but we should not think that the "double retrenchment" policy should now be changed, because if we do, another "abortion" similar to the previous one could occur in retrenchment. In such cases, we could lose our achievements in economic improvement and rectification work and the national economy might face a new predicament, thus making it more difficult for economic improvement and rectification work to proceed further.

Second, it is necessary to scrap loss-incurring enterprises. Enterprises that consume a large amount of energy, foreign exchange, and raw materials and have incurred losses for a long time must be closed down, suspended, merged, or ordered to shift to other production lines. Generally speaking, it is recommendable to merge or shift loss-incurring enterprises in the production field rather than closing or suspending them; but loss-incurring companies in the circulation field should be dissolved rather than merged. In short, the "bad must be restricted" to "support the good." This is the price we should pay in rationalizing the economic structure.

Third, an urgent task at present is to adjust the credit structure according to the industrial policy so as to speed up the rationalization of the industrial structure. Apart from allocating a fund for the purchase of grain and cotton, a certain amount of money can also be arranged for enterprises heavily weighed down by debts due to the weakening market situation. In this connection, attention should be paid to "igniting" these enterprises with such a fund. 1) Appropriate points for ignition should be selected. Ignition points for production materials should

be selected from among key enterprises, particularly basic industrial enterprises. Ignition points for consumer goods should be selected mainly from among circulation departments, which will place orders for these goods according to the market situation. In this respect, they will play the role of "reservoirs." Industrial departments are required to strengthen their regional regulatory work. In particular, they should transfer industrial goods to the rural areas and agricultural products to the urban areas. Seasonal transfer is also recommendable. Some daily necessities and important raw materials may be transferred for future use. Apart from not affecting production in these enterprises, this will provide us with a certain amount of products that can be used to regulate the market. 2) We must possess certain ignition strength. From the philosophical angle, a "certain amount" is a quantitative limit for maintaining the quality of a thing. Ignition strength must neither be too weak nor too strong. This year, money injection has been controlled, and loans can be provided according to the scale planned. 3) Ignition should not be carried out in all fields simultaneously; it should proceed in the order of urgency, by stages, and without causing difficulties to large enterprises. Follow-up management should be exercised over loans and efforts should be made to prevent arrears of loan repayments.

Retrenchment and adjustment have been introduced on four occasions since the founding of the PRC. The following phenomenon has been witnessed in the course of retrenchment and adjustment: When retrenchment reaches a certain degree, its first stage effects find expression in the market with relaxation in the contradiction between supply and demand, alleviation in price increases, and a slowdown in the industrial growth rate. Its second stage effects will arise when an industrial adjustment is promptly introduced. During the second stage, the economic structure is becoming rationalized, economic results are improving, and the national economy is entering a virtuous circle. An example was the adjustment introduced during the 3 years of economic difficulties. If no adjustment was introduced, all that had been achieved would have been spoiled. Retrenchment was introduced in 1985 and 1987, but to no avail because the strength of retrenchment was too weak to produce first stage effects. In such cases, control was relaxed, thereby giving rise to even bigger expansion.

To bring into play the historic role of economic improvement and rectification, we should take the 3 years' economic improvement and rectification as a belt linking the Seventh and Eighth 5-Year Plans. The Eighth 5-year Plan should be worked out in coordination with the formulation of the targets for the year 2000. According to Comrade Xiaoping's instructions, consideration should also be given to the first 50 years of the next century. We should not be puzzled by the present difficulties and should instead look into the future. For example, we should draw up a long-term plan on the construction of basic industries and basic facilities, on

population control, on the rational development and utilization of resources, and on the protection of the ecological environment.

Article Stresses Need for Planned Economy

OW2711013989 Beijing GUANGMING RIBAO
in Chinese 11 Nov 89 p 3

[Article by Wu Shiquan (0702 0013 3123): "Economic Levers Cannot Replace Planned Economy"]

[Text] In the past 10 years, some people have proposed the establishment of a "new socialist system of commodity economy" to substitute mandatory plans and to fulfill indirectly state plans through economic levers. The main problem of this system is that it only stresses the law of value at the expense of the law of developing the national economy in a planned and proportionate way, thus making its function a mere formality and negating the government's functional role in directly managing the economy and the need for administrative means. As a result, it runs counter to the original idea of the "socialist planned commodity economy."

Planned economy was developed to meet the law of developing the national economy in a planned and proportionate way and belongs to the macroeconomic category; economic levers exist along with the law of value and belongs to the microeconomic category. Since their categories and characteristics are different, they cannot replace each other in terms of their mutual functions and roles. During the first 20 years of reform, we let the planned economy replace the readjusting market functions of economic levers. As a result, our microeconomy lost its vitality. In our reform in the past 10 years, we let economic levers gradually replace the control functions of the planned economy, thus causing serious dislocation in the macroeconomic structure. The error of replacing one with the other violates the law of the unity of opposites. The former case pays attention to opposites instead of unity and excludes the commodity economy and the law of value outside the socialist economy. The latter case only stresses unity at the expense of opposites, and as a result, the planned economy loses its meaning. Why cannot the intermediary role of economic levers replace the role of the planned economy? This is because of the contradictions between macroeconomy and microeconomy.

First, there is a contradiction between the unified policy decision nature of macroeconomy and the scattered policy decision nature of microeconomy. The planned economy is at the policy decision level of macroeconomy, and its role is to grasp the general economic orientation and goals on a long-term basis and to implement corresponding policies and tactics. Macroeconomic policy can only be carried out through government action. Economic levers are at the policy decision level of microeconomy. Owing to the restrictions of scattered policy decisions of microeconomy, such grand system engineering as strategic economic development, disposition of productive forces, and readjusting the

industrial structure are not only out of the question in terms of policy decision but are also unimaginable if we carry them out through "intermediaries." Over the past several years, there has been "hot" strategy but "cold" implementation. We have not been able to effectively carry out many measures precisely because we have been affected by "intermediaries." What should be pointed out is that the functions of an economic levers system and a government system are different. It is really inadvisable to impose the important task of macroeconomic management, which government departments should directly undertake, on departments in charge of economic levers because this is management that abandons the functions and roles of government.

Second, there is a contradiction between the planning of macroeconomy and the blindness of microeconomy. The goal of planned economy is to bring stability to microeconomic activities through the structural control of macroeconomy. However, economic levers are links in microeconomy that control macroeconomy. Since banks and credit loan departments have the nature of enterprises, they will of course blindly run after profits, thus running counter to macromanagement. When contradictions arise between profit-making and macroeconomic policy of banks and credit loan departments, macrocontrol will fall through if the government does not directly intervene. For instance, in the past few years, capital construction has been overextended and has cost more than our state can pay. The direct reasons are too much credit and too much money being issued. The final solution is still administrative intervention. Since "intermediaries" are unreliable, it is perfectly justified to strengthen government management over macroeconomy.

Third, there is a contradiction between the organized state of macroeconomic management and the anarchy of microeconomy. The planning and management of the national economy stress organization, otherwise it would be difficult to overcome the anarchy of microeconomy. This is especially true today when financial departments at all levels are responsible for their own budgets. When there are conflicts between local and state interests, a powerful authority is needed as a binding force. However, departments in charge of economic levers have no such authority. For example, in managing investments, the control of economic levers is often in the hands of local governments. When local interests hold sway and reach the extent of causing a shortfall in investments, the intermediary function of economic levers will become weak and ineffective. At this point, it is very necessary for the state to intervene in local affairs.

When the intermediary function of economic levers cannot replace the function of planned economy, then planning in the "new system" ceases to exist except in name. If we leave aside the question of planned economy, which serves only as a foil, what remains is a complete market economy. However, the complete market economy cannot solve the question of macroeconomy losing control.

Article Urges Enterprise Development

*HK0112173389 Beijing RENMIN RIBAO in Chinese
20 Nov 89 p 6*

[Article by Yang Peixin (2799 1014 2450): "Bring Into Full Play the Role of Large and Medium-Sized Enterprises as the Mainstay"]

[Text] The 5th Plenary Session of the 13th CPC Central Committee has decided on the principle of furthering rectification and improvement and on deepening reform. One of the important contents in the implementation of this principle is to develop fully the backbone function of state-run large and medium-sized enterprises. Historical experience has shown us that only the thought of firmly establishing and properly running large and medium-sized enterprises can stabilize the overall situation of our national economy, increase the country's economic strength, realize modernization step by step, really solve the problems faced by large and medium-sized enterprises, and help their development.

Our country has more than 10,000 large and medium-sized enterprises, of which the fixed assets account for 70 percent of the country's total and the profits and taxes handed to the state account for 62.8 percent. However, at present, these enterprises are in a very difficult situation. In recent years, there has been the following saying in the enterprise circle: "Monkey in the tree, tiger in the cage, and lion being tied." It means that township and town enterprises and enterprises with three sources of capital become prosperous while the military industry and enterprises face various difficulties, and large and medium-sized enterprises, as the king of 100 kinds of animals, are being tied up. According to statistics, in 1988, the tax burden for large enterprises was 87.13 percent, the tax burden for small enterprises was 78.55 percent, the tax burden for collective enterprises was 72.53 percent, and the tax burden for township and town enterprises was 40 percent. The enterprises belonging to the system of the Ministry of Water Resources and Electric Power and 11 other enterprises, including Tianjin Bicycle Factory, handed 90 percent of their profits to the state in paying various kinds of taxes and fees. The state fixed a tight output quota for the enterprises and took all their products, leaving the enterprises with nothing to sell themselves. The enterprises cannot have direct contact with the international market and they can keep very little foreign exchange, and the foreign exchange price is lower than the export cost in terms of foreign exchange. Since this year, because of the shortages of energy, fuel, transportation means, funds, and foreign exchange, large and medium-sized enterprises have been facing a much more difficult situation. Since this autumn, products became unsalable, and this situation has also occurred in a big factory like the No 2 Automobile Factory, whose Dongfeng trucks, which used to have a ready market, experienced a weak market in September. In October, the sale was only 83 percent of the averaged sale for the previous few months; the profits earned from January through September decreased by 17

percent compared to the same period last year. Large and medium enterprises are the ones to suffer first and most from the "five shortages" or stagnation in market.

How can we fully develop the backbone function of large and medium-sized enterprises? I think that the lessons we learned from the 10-year reform are: (1) We must resort to upholding, perfecting, and developing the responsibility system to invigorate large and medium-sized enterprises so as to enable them to have the ability for self-accumulation, self-investment, and self-development.

Wu Xiegang, manager of Yanshan Petrochemical Company, made a penetrating remark: "Whether an enterprise has vitality or not cannot be simply judged by looking at current economic returns. The most essential mark of vitality possessed by an enterprise is its ability to make prompt and correct responses according to the changes in the external political environment, and to always maintain the ability it should have for self-accumulation and self-development." One of the strong points of the contracting system is that it ensures enterprises the ability for self-accumulation and self-development. The Beijing Iron and Steel Works have practiced the contracting system for 10 years, and as a result handed 7 billion yuan to the state. With 2.6 billion yuan added to its fixed assets, it contributed a total of 9.6 billion yuan to the state. Without using 1 yuan from the state, it increased its yearly output of steel from 1.169 million tons to 3.142 million tons, an increase of 168.7 percent. Its profits also increased by 20 percent each year, and its profit rate on capital in 1988 was as high as 60.62 percent. Over the past 10 years, the Beijing Iron and Steel Works utilized self-owned capital to increase investment by 2.9 billion yuan, and it also increased profits and taxes by 6.032 billion yuan; the ratio of input to output was 1 to 2.06, 6 times higher than the nationwide returns on investment. In 1988, all-personnel labor productivity increased by 260 percent over the period 10 years ago, greatly surpassing the increases secured by the iron and steel enterprises in some developed countries. The No 2 Automobile Factory, the Panzhihua Iron and Steel Works, and the Jiamusi Paper Mill have adopted the contracting system for about 10 years and all have scored excellent results. Even the Beijing Mechanical Industry No 8 Factory, which adopted the contracting system only in 1987, was able to allocate 169 million yuan for technological transformation in a period of 2 years, a 111.6 percent increase over the period 2 years before practicing contracting system, and the value of its fixed assets increased by 16 percent.

The contracting system does not require the state to reduce taxes or profits. It takes the tax or profit handed to the state in the previous year or three years before as the base, and the promised amount increases year after year; it is a guarantee, not a reduction of financial income. It employs the method of "adhering to the assigned amount to be handed over while permitting an outlet," allowing enterprises to keep the over-fulfilled profits and thus forming ability for self-accumulation and self-development. This is a mechanism for socialist

enterprises to grasp their potential and to develop fully their strong points. This mechanism is a concrete manifestation of consideration by socialist enterprises on the interests of the three parties of state, enterprise, and workers.

Because enterprise contracting responsibility system is beneficial to arousing the eagerness of enterprises and workers to develop production, we should continue upholding it. At the same time, we must seriously sum up experiences from practices, promote good points and abandon bad points, and continuously perfect and develop the system. In recent years, the style of the contracting system adopted by the Beijing Iron and Steel Works has had some good effects. They have mainly adopted the following six points: 1. "Adhering to the fixed quota and keeping all the over-fulfilled profits. 2. Contracts are committed to by the workers as a whole, not by individuals. 3. The contracting period is at least 5 years long. 4. Production development funds account for 60 percent of the profits retained for distribution. 5. Total amount of wages are adjusted according to taxes and profits. 6. Certain rights are secured in conducting sales of their own products. Of course, various localities must make reference to their practical conditions, actively search for various forms of the contracting system which can properly handle the relations between the state and the enterprises, and carry out experiments step by step and in a planned manner. (2) We must formulate policies on developing large enterprises first, and on giving large and medium-sized enterprises priority in terms of funds, foreign exchange, energy, raw materials, and transportation means. Our country has a large population and it is necessary to develop township and town enterprises and collective enterprises in order to solve the employment problem. But we must clearly realize that large and medium-sized enterprises are the backbone of our national economy and must be developed first.

According to the data of a 1985 general survey of industry, the all-personnel labor productivity of large and medium-sized enterprises was 52.2 percent higher than that of small enterprises. Taxes and profits generated on a per-capita basis was 138.9 percent more, while material consumption for every 100 yuan of total output value was 110 percent less, and selling cost was 11.3 percent less. Large enterprises also have some strong points over medium-sized enterprises with a per-capita output value of 1.24 to 1 and per-capita taxes and profits generated 1.57 to 1. As for the iron and steel business, the all-personnel labor productivity of large enterprises in 1987 was 24,993 yuan per capita per year, 18,914 yuan more than the average for the whole business and 132 percent of that average.

Giving priority to large enterprises is a common trend in the developed and developing countries. In 1987, the net profits earned by the six major enterprise groups in Japan accounted for 11.88 percent of the total earned by the industrial circle, and sales accounted for 14.35 percent. In 1983, the turnover of the 50 major enterprise

groups in South Korea almost equalled its gross national product. In the United States, Japan, and West Germany, businesses such as the automobile industry, iron and steel industry, electrical industry, mechanical industry, and chemical industry all have the top four companies controlling three-fourths of the outputs of the businesses respectively. Relying on the large enterprises, South Korea realized rapid economic development. They gave their large enterprises cheap money and financial subsidies, waived customs duties for their imported equipment, and gave them preferences in terms of the foreign exchange rate. They encouraged in-depth development for enterprises on the one hand, and bilateral development on the other, enabling them to become business-transcending, comprehensive enterprise groups.

In contemporary society, modernized mass production requires large enterprises as its backbone. In the United States, General Motors Corporation, Ford Motor Company, and Chrysler Corporation each turned out several million or even 10 million cars each year. In our country, there are over 100 automobile factories, and only several hundred thousand cars can be produced each year. In Japan, among the dozen of iron and steel factories that were quickly established after the war, four are capable of producing 10 million tons each year, and 99 percent of the pig iron produced are produced by five large iron and steel companies. In our country, there are more than 1,000 iron and steel factories at or above the county level, and none are able to produce 10 million tons. The output of pig iron produced by small and medium-sized iron and steel enterprises constituted 30 percent of our country's total. In order to shift our country's exports from raw materials and primary products to in-depth processed products and electrical and mechanical products, we must first help large enterprises; upgrade their scales, technologies, and equipment; and encourage the appearance of some large world class enterprises. (3) Let large enterprises face the world and brave the storm in the international market so as to speed up their development.

In the developed countries, almost all enterprises have rights to decide for themselves on the matter of foreign trade. After the enterprises are established, they will target the international market, take part in competition, force themselves to improve technologies, and upgrade the quality of their products. When we carry out rectification and improvement, we must, under the prerequisite of working hard to maintain a continued development of foreign trade, uphold and improve the policies and measures encouraging exports and earnestly tackle the difficulties faced by the key districts, key businesses and key products in the process of production and exportation, granting appropriate convenience for large and medium-sized enterprises engaging in foreign trade. Wu Xiegang, the entrepreneur in the petrochemical industry, pointed out: At a time when the price of crude oil in the international market dropped to \$12 per barrel, we were absolutely able to import crude oil for processing. In 1988, each ton of polyethylene sold for

\$1,200-\$1,400; this year the price dropped to \$900. Because our enterprises did not have the right to decide on the matter of foreign trade, the chances were missed. Wang Mingji, factory manager of the Shanghai Jinshan Petrochemical Factory, pointed out: The factory is located at Jinshanwei, a place which can be directly reached by ships, and the factory has a team of over 10,000 scientific and technological personnel with good potential in human resources and equipment; if the factory is given the right to conduct foreign trade at their own discretion, it can import crude oil, engage in processing for exports, and earn foreign exchange through processing.

In the 1990's, our country will enter the peak period of foreign debt payments. We must prepare ourselves, grasping exports on the one hand and substitutes on the other. Each year, we have imported 10 million tons of steel and a large quantity of chemical and industrial materials, spending a huge amount of foreign exchange. We should formulate plans to achieve self-sufficiency in steel; chemical and industrial materials; and spare parts for cars, color televisions, and refrigerators. We must invite tenders from enterprises throughout the entire country, and the state must support the enterprises which have won the bids in terms of funds and foreign capital. By doing so, we can effectively reduce the deficit between the export and import trade and change it to a surplus by which we pay foreign debts.

Article Offers Solutions for Fund Shortages

HK2711083089 Beijing JINGJI GUANLI in Chinese No 9, 1989 pp 34-36

[Article by Ren Zhihua (0117 1807 5478), edited by Gao Xiaoxia (7559 2556 7209); "Ten Proposals for Alleviating the Shortage of Funds"]

[Text] At present, the serious shortage of funds facing various categories of enterprises in the country has not only distressed and impeded production and circulation among the enterprises, but has also put banking work into the passive state of finding a way out. For the sake of serving the aggregate interests of the state and ensuring the smooth progress of the work in improvement and rectification, the enforcement of the macroeconomic tightening measure is exceedingly necessary and timely. However, under the state of retrenchment, how will it be possible to control strictly the issuance of banknotes on the one hand and keep the enterprises' production and operations from falling into a pool of stagnant water on the other? In the writer's opinion, to obtain this objective, it will be necessary to perform a good job of the following ten points of work:

1. Handle Well the Proportionate Relationship Between the Available Amount of Circulating Funds and the Investment Scale of Fixed Assets and Ceaselessly Expand the Accumulation of Circulating Funds

An important cause giving rise to the shortage of funds is that while hundreds and thousands of households are

undertaking investment in fixed assets, only one bank supplies the circulating funds, resulting in the bank's inability to provide complete "coverage." With the "cavity" growing in size, the shortage of funds becomes increasingly acute. The state has repeatedly issued orders and directed in "red letter" documents that the investment scale in fixed assets must be kept under strict control, but the key point still lies in the formulation of a long term measure restricting blind increases in fixed-assets investments. A relatively rational proportionate relationship generally acknowledged by people to be suited to the national conditions of our country is that for each and every increase of 100 yuan in investment in fixed assets, there must be a corresponding reserve of 40 to 45 yuan of circulating funds. Therefore, we must formulate a basic regulation pertaining to investment in fixed assets and clearly prescribe that the amount of self-raised and self-owned circulating funds must correspond to over 30 percent of the total volume of investments in fixed assets. Whoever arranges for investment in fixed assets, be it the central government, province, district, or city, must keep in reserve a corresponding amount of circulating funds, otherwise construction work will not be allowed to be started. As with reserves for the newly increased investment in fixed assets, the circulating funds raised cannot be used for other purposes; the full amount must be deposited into a special account in the bank.

2. Smooth Out the Relationship Between the Interest Rate Level and the Rise in Commodity Prices and Employ Economic Measures To Organize Various Kinds of Deposits

It can be seen from the great "downhill slide" in savings deposits throughout the country which occurred three times in succession last year that when the rise in commodity prices is higher than the adjusted upward span in interest rates, the public will, one after another, withdraw their deposits to make crash purchases of commodities; savings deposits will then act like a "tiger" escaping from the cage, assaulting the market, attacking the source of funds of the banks, and eventually assaulting the whole national economy. Therefore, if we wish to stabilize and increase the deposits and enlarge the sources of funds, it will be necessary to smooth out the relationship between the interest rate level and the scale of the rise in commodity prices. In smoothing out the relationship between the two, we must on the one hand depend on appropriately raising the level of interest rates, and on the other hand, we must also depend on readjusting the grading of interest rates and the method of computing interest, revising the current practice of the interest rate gradings being confined to current account deposits, fixed-current account deposits, and unitary fixed deposits, and also revising the method of computing simple interest rates. We should design the enforcement of a set of interest rate gradings of a pluralistic system and compound interest rates within a prescribed scope. For example, to rectify the current situation of the weak drawing power of savings deposits, we may put in practice the system of compounded

interest rates on current deposits. With regards to fixed savings deposits of a 1/2-year term of 1-year term, aside from granting them the normal interest rates on fixed deposits, we can spend a little more money and institute a system of awarding prizes by drawing lots applicable to only these categories of deposits to rectify the state of providing value-protection treatment only to fixed savings deposits of a term of 3 years or longer. To rectify the psychology of the populace which feels that "possessing goods is better than possessing money," we may develop a category of value-protective "subsidy" savings to be applicable to high-grade durable goods, commodities, residences, and so forth. That is, the savings deposits will carry the provision that, based on the state prices of the commodities or residences at the time of the making of the deposits, if by the time the deposits mature and the aggregate amount of the principal of the deposits plus accrued interest is below the scale of the rise in the prices of the commodities and/or residences, the depositors will be entitled to a "subsidy" to make up for the disparity; and if the financial condition of the state permits, we may also institute value-increment savings deposits and so on and so forth. By doing so, it will be possible to absorb to the maximum extent sedimented money and idle funds from the hands of the populace to the folds of the banks for use in socialist modernization.

Regarding deposits of enterprises, businesses, organizations, and public bodies, we should also separately and according to the different deposit periods carry out the system of granting interest rates at different grades or try out the system of compound interest.

3. Readjust the Proportionate Relationship Between Credit and Loans Funds and Financial Funds and Appropriately Increase the Appropriations to the Credit and Loan Funds.

Over the past 10 years or more, finance has not increased the appropriations to the credit and loan funds and this has brought about the state of a drastic fall in the ratio of the banks' credit and loan funds. Finance is confronted with difficulties, carries a heavy burden, and temporarily is unable to pay out any funds; whereas on the part of the banks, the credit channels for the increase of funds are relatively more. Hence, for the time being, finance need not make any appropriations and let the banks advance the funds first. However, this definitely is not a long-term measure. Seen in the long run, finance must in any event carry the responsibility of increasing the appropriations to the credit and loan funds. This is for the sake of ensuring for the country as a whole the coordination and balance between the normal condition for the comprehensive balance between finance and credit and loans. Particularly when the sources of credit and loan funds are dropping or when the funds develop a relatively large imbalance, finance must increase the appropriations to the credit and loan funds or reduce the profit remittances from the banks.

4. Readjust the Proportionate Relationship Between the Enterprises' Self-Owned Circulating Funds and Bank Loans and Increase the Channels for Replenishing the Self-Owned Circulating Funds.

At present, due to the small ratio of the self-owned circulating funds of the enterprises, the enterprises' emergency ability to bear risks and to handle unexpected losses is extremely weak. Whenever the banks tighten the money market, they will be in a state of being "unable to make any move at all." If the enterprises' existing method of replenishing circulating funds is followed to replenish funds, then not only the effects cannot be achieved within a short time, but also the speed of the enterprises replenishing the circulating funds is much lower than the growth rate of production and the proportion of the enterprises' self-owned circulating funds will become smaller and smaller. It is suggested that the method of the enterprises replenishing their self-owned circulating funds should be revised as follows: that the current replenishing of the circulating funds be changed from "second distribution" to "first distribution," that is, currently the profit retention is distributed into five categories of funds from among which replenishment of the circulating funds is made from the category of production development funds; now the distribution should be into six categories of funds and replenishment of self-owned circulating funds should be put directly into the first distribution, to be known as the "store bottom funds." At the same time, various other channels and forms for replenishing funds should be resorted to based on the ratio of the enterprises' self-owned circulating funds. For example, the price differential from the readjustment of commodity prices, the balances of specialized funds, and a fixed proportion of excess profits may also be used to serve as the replenishing funds. Furthermore, a "funds value-increment fee" computed at a monthly interest rate of three per thousand on the self-replenished funds may be entered into the cost of production as a sort of net receipt for incorporation into the circulating funds, and so on. Seen temporarily, of these channels, some directly affect the financial receipts and some occupy a portion of the financial receipts; but seen from the long run, they are beneficial to both the state and the enterprises and these funds, being used but without diminishing in amount, will constantly remain as an item of wealth for the state and the enterprises.

5. Handle Well the Relationship Between State Borrowing and the Ability To Repay, and Sternly Control the Amount and Limits of the State Loan Market

State indebtedness is divided into internal debts and external debts. Both of them should have a fixed amount and limit and exceeding the limit will create a crisis in indebtedness. Making loans by the state may solve the problem of shortage of funds in economic construction, but we must hold tight to the amount and limits of the loans and to the intervals between loans and the ability to bear, otherwise currency inflation will be aggravated.

Making loans should be governed by the following principles: 1. Principle of purpose, that is, loans must have a fixed purpose and must be governed by a long-term program. It is necessary to fix the problems in economic construction which should be solved by loan making and a difference must be made between those which are important or urgent and those which are not. We should do the utmost to refrain from borrowing in the case of problems which can be solved without having to make loans. 2. Principle of effects. Problems which are solved by making loans must be able to bring along direct economic effects, otherwise other channels should be resorted to for their solution. 3. Principle of control. the growth rate of state loans should be controlled within the realm of the growth rate of the national economy. 4. Principle of having a fixed date for repayment. there must be a fixed date for the repayment of state loans so as to avoid the possibility of a chain reaction. When "repayment ability equalling debt burden" reaches the critical stage, more borrowing should be stopped.

6. Handle Well the Relationship Between Tapping the Hidden Potentials for Funds and Increasing the Economic Benefits and Seeking Funds From the Management Sector.

Whenever a shortage of funds occurs, people will do the utmost to tap the hidden potentials for funds. However, in the past few years, in spite of much work having been done in the tapping of the potential of material resources, not much in the way of results have come forth and the yearly tapping has produced little or no money at all; in some cases, the more intensified the tapping, the larger the hidden potential, and after the old "potentials" have been tapped, new "potentials" are found; while in the case of some enterprises, along with "potential tapping," production work is delayed, losses are incurred, and settlement of outstanding accounts is deferred. Hence, although tapping of potentials plays a definite role, it can cure only the symptom, and making a basic cure must still rely on improving the economic benefits in general, improving the enterprises' economic benefits in particular, and strengthening management. On the one hand, the funds management responsibility system must be instituted and a limit must be imposed on the occupation and use of funds in such sectors as production, supply, and marketing; cases of the use of funds in excess of the fixed limits should be dealt with by linking them with the individual's interests, such as imposing a deduction at the rate, say, of 3/10,000 percent of the loan interest rate charged by the bank—this is on the bonus and even basic salary or wages of the individual concerned; correspondingly, awards should be given on cases of use of funds below the prescribed limits. By so doing the economic measure entailing punishment and award can better facilitate the enterprise to strengthen its management of funds than the mandatory type of administrative decrees. On the other hand, it is necessary to enforce the system calling for the enterprises to be self-responsible for losses in circulating funds and to make good the losses in prescribed periods, insisting on the principle that losses incurred during the

year must be compensated in the same year so as to ensure the integrated character of the circulating funds. Under conditions that an enterprise's salaries and wages for the staff are linked directly to the operation results, we must prevent the making of false reports and of reporting deficits as gains. Regarding losses caused by the subjective factors of poor management and operations, solution must be sought from the after-tax profit retentions of the enterprises and should not be incorporated into the cost of production. As for enterprises which do not abide by the system in their operations, the banks should force them to so abide through the employment of the credit and loan and interest rate levers.

7. Effect a Correct Relationship Between Fund Raising by Enterprise and Bank Savings and Correctly Guide the Direction of Raising Funds.

After tightening of the money market by the state, in their dilemma the enterprises have discovered a road to solving the problem of insufficient funds by means of the raising of funds. However, blindly going about in the raising of funds will undoubtedly affect the savings deposits of banks and the whole credit and loan plan of the state, weaken the banks' functions and role of macroeconomic adjustment and control, and thereby aggravate the inflation of the consumption funds and credit. Naturally, raising of funds does definitely dig out a portion of the sedimented money and is a sort of "love your factory deposit" which has a more stable character and possesses a stronger promotive force than the public's voluntary deposits in the banks. Hence, it is necessary to correctly guide the raising of funds, and the direction of the guidance should be to link together fund-raising with the banks' developing the businesses of accepting deposits and granting loans; that is, the banks, on the basis of the conditions of the enterprise's need for funds for production and operation, entrust the enterprise to act as an agent in accordance with the state's regulations to call on the staff members, employees, and cadres to enthusiastically take part in the savings deposits and do the collection and accumulation work. After that, the bank will grant a loan to the enterprise according to a prescribed ratio of the amount of savings deposits collected. By so doing, it will be possible to convert the one positive character of the bank absorbing savings deposits into two positive characters of both the bank and enterprise pursuing the same purpose. This will cut away the "short-term act" of the single positive character of absorbing deposits.

8. Handle Well the Relationship Between Short-Term funds and Long-Term Usage and Fully Utilize the Time Lag or Differential in the Using of Funds.

After the opening up of the capital and money market in our country fund merging activities in various localities have played an important role in adjusting the surplus and shortage of funds and in supporting economic development. But certain problems have also appeared which require study and solution. The most outstanding

problem is the long-term occupation and use of short-term loan funds. In some cases, after making outside-the-plan investments in fixed assets and upon expiry of the contracted loans, efforts were made to "demolish one part of the wall to repair another part of the wall"; when this failed, a vicious cycle was formed. Therefore, it is necessary to strengthen control of the money market and work strictly according to the regulations governing the use of funds: 1. The money market must be under the unified designated point, unified registration, and unified management of the People's Bank; all fund transactions must be carried out in the market and cannot be carried out privately or underhandedly; and the interest rate must float within the prescribed scope and no loans at high interest rates should be permitted. 2. Specialized banks at the receiving end of loan funds must have their assets and liabilities statements certified by the People's Bank of the locality and possess a licence to do business so that the party at the paying end of the loan funds can have a clear idea of the financial ability of the specialized bank concerned. 3. Loan funds must be devoted to the prescribed uses and must be repaid at the expiry of the loan period, otherwise, aside from having to pay "punitive" interest on the loan funds, the delinquent party will be disqualified from participation in the market for a prescribed period, and its licence to make loans from the market will be suspended or cancelled.

9. Handle Well the Relations Between Supporting the Good Enterprises and Limiting the Poor Enterprises, Dare to Limit the Poor Enterprises, and Use the Limited Funds To Concentrate on Supporting the Enterprises Which Produce Good Effects

The need to pass a year or two of difficult or tightened days is ordained by a fixed guideline of the state. When and as the gross volume of funds is stabilized, we must rely on readjusting the credit and loan structure and ameliorating the direction of the investment of funds to support the enterprises which have turned in good effects. But the current problem is that we have been daily talking about supporting the superior enterprises and restricting the inferior ones. In reality this has been in words only. To truly achieve this objective the following measures must be adopted: 1. Enforcement of planned control on loans to major industries, trades, and enterprises of the state and provinces. Each year, the head offices and branches of specialized banks, in coordination with the relevant departments of the state and provinces, specify special funds for special uses based on scale of loans designated to their lower levels. 2. Implementing the system of inviting tenders for credits and loans. The banks, based on the principle of the restrictive use of the sources of funds and on the state's credit and loan plan, make an estimate of the available amount of credit and loan funds and publicly announce to society the volume of available supply of various categories of loans. Based on this information and in conjunction with their own conditions, the enterprises employ the form of submitting tenders and offer to the banks their proposals and conditions for obtaining loans whereupon the banks, upon examination and comparison, will decide on

granting loans to the most preferable offers. 3. In respect of those enterprises whose assets do not match their liabilities, have incurred serious deficits, and have no prospects for further development, a drastic measure must be taken and the banks should strictly adhere to the credit and loan policy of the state, stop granting more loans to these enterprises, call for repayment of the old loans, and force them to voluntarily approach the market for transfer of ownership rights and offer to sell their property right and accept amalgamation with other enterprises.

10. Handle Well the Relationship Between Growing and Contracting in Financial Business and Do the Utmost To Open Up Businesses Beneficial to the Enlivening of Funds

At a time of economic development and invigoration, people are always dissatisfied with the financial and currency development failing to catch up with the steps of reform of the enterprises. However, in the course of improvement and rectification, people again complain of the financial sector not having done well in policy implementation resulting in the creation of the phenomenon of economic over-heating. Hence, currency and financial departments should take the macroeconomic angle in treating the problem of the speed of economic development; they should fully display their function and role of finance regulating the economy and create for the enterprises a suitable environment of funds. When the economy exhibits heightened speed in development, the departments should not grant loans freely, but instead firmly insist on carrying out the state's policy on credits and loans. Under the precondition of controlling the aggregate volume of funds, they should ceaselessly enliven the scope of funds and widen the business areas. For example, for the sake of solving the serious problem of enterprises leaving unsettled the accounts between them, the banks, on the one hand, may adopt the form of setting up "accounts clearance markets" or companies for effecting the settlement of outstanding accounts and thus carrying out periodic and regular settlement of accounts. On the other hand, we must vigorously develop the business of cashing and discounting negotiable bills, convert the "outstanding accounts credit" into "bills or documentary credit," and convert commercial credit into banking credit. The specialized banks should then be made, in accordance with the state's slanting or preference policy toward the industries, to select the reliable negotiable instruments of the enterprises for cashing or discounting, and subsequently have them re-discounted by the People's Bank.

Tian Jiyun Views Scientists' Role in Agriculture
*OW0212051489 Beijing XINHUA Domestic Service
in Chinese 0456 GMT 29 Nov 89*

[By reporters Wang Yanbin (3769 6056 1755) of the XINHUA NEWS AGENCY and Chen Jian (7115 0256) of RENMIN RIBAO]

[Text] According to reports by personnel working to promote agricultural development in the Huanghuaihai Agricultural Region [an area through which the Huang He, Huai He, and Hai He rivers flow], the scientific and technological sector has made great contributions to promoting agricultural development in the region in recent years.

The Huanghuaihai Region, which covers Shandong, Jiangsu, Anhui, Henan, and Hebei Provinces and Tianjin and Beijing Municipalities, is an area in our country scattered with comparatively concentrated clusters of medium and low-yield farmland, sandy wasteland, and saline-alkaline soil. A large number of scientific and technological personnel from the Chinese Academy of Agricultural Sciences, the Chinese Academy of Sciences, Beijing Agricultural University, and local areas have been conducting difficult scientific experiments to demonstrate their merits and promote their applications on the soil of the region for a considerably long period of time. After the Huanghuaihai Region was defined by the state in 1988 as among the first batch of regions to be given priority in promoting comprehensive development on a selective basis, these scientific research units assigned a large number from a task force to render meritorious services and make contributions in the Huanghuaihai Region.

The Chinese Academy of Agricultural Sciences successively organized over 450 scientific and technological personnel from 22 research institutes and sections to work to promote development in the Huanghuaihai Region over the past year or so. It chose over 230 scientific and technological achievements and supportive techniques which require less input but produce quick results. A total of approximately 10 million mu of cultivated land was contracted for operations. As a result, grain output was boosted by over 200 million kilograms, cotton output by nearly 220 million kilograms, and oil-bearing crops by 240 million kilograms. Output value was increased by more than 1 billion yuan in total. As a result of the efforts made by the Cotton Research Institute to propagate eight techniques of growing cotton on the saline-alkaline soil of Shangqiu Prefecture in Henan Province, the average per-mu yield from 450,000 mu of cotton fields employing the eight techniques increased from 30 to 42 kilograms, producing an accumulated economic return of 47.25 million yuan.

The Chinese Academy of Sciences committed a total of over 600 scientific and technological personnel from 30 plus research institutes to the development of the Huanghuaihai Region. The number of its experimental base in the region rose from the original 3 to 23. In addition, it set up 21 liaison stations to demonstrate and spread scientific techniques. It carried out 107 development projects and assignments by conducting such activities in 44 counties and cities in the Huanghuaihai Region. As a result of its efforts to spread the "new technique of boosting cotton production by nipping buds at an early date and using less farm chemicals" in Huimin Prefecture of Shandong Province, the percentage of increase of

the per-mu yield reached 16.5 percent, producing an economic return of 24.85 million yuan from increased output. Such achievements were highly praised by the local people.

The Beijing Agricultural University, which had achieved marked successes in its arduous struggle in the experimental zone of Quzhou County in Hebei Province over a long period of time, made vigorous efforts to expand the scope of its scientific and technological applications in the past 2 years. It successively spread the cultivation of fungus conducive to increasing the output of crops to 34.64 million mu of farmland, the use of chemical preparation for wrapping seeds to 3.5 million mu of farmland, the application of farm chemicals as well as its spraying techniques to 1.8 million mu of land, and many other improved varieties and methods in the Huanghuaihai Region. Their practices of "making every working personnel take training courses, committing input to every piece of farmland, and letting every household benefit from scientific and technological services" were very popular in various areas and among the peasants.

According to statistics by the relevant department of Shandong Province, grain output is expected to increase by over 500 million kilograms and cotton output by over 35 dan [a unit of weight equivalent to 50 kilograms] [figure as published] in the whole province from the implementation of scientific and technological development projects in the past 2 years alone. Hebei Province has already committed to agricultural development a contingent of 15,000 experts specializing in various departments in the field of science and technology. Nearly 300 personnel from scientific research units were rated in the first degree in the central authorities and nearly 10,000 scientists and technicians are dedicating themselves to agricultural development in Henan Province. The agricultural water-saving technique made known by the Chinese Academy of Agricultural Sciences in Shangqiu County, Henan Province, helped every mu of farmland save 30 percent of the irrigation water and 33 percent of the electric power. Every province also highly appraised the scientific and technological input. Comrades Li Peng and Chen Junsheng called on scientific and technological personnel working in the first line of development during their inspection of the Huanghuaihai Agricultural Region. After giving a fully positive assessment of the contributions by the scientific and technological sector to agricultural development in the Huanghuaihai Region at the ongoing national meeting in Beijing for exchanging experiences in comprehensive agricultural development, Vice Premier Tian Jiyun pointed out: It would be impossible to achieve high-quality agricultural development without scientific and technological input. We must attract more scientific and technological personnel to the spring tide of agricultural development.

Song Ping Visits Water Conservancy Exhibition
*OW2411074889 Beijing Television Service in Mandarin
1100 GMT 21 Nov 89*

[Text] [Video shows Song Ping watching model of a water conservancy project while listening to an explanation from an unidentified man. Medium shots show unidentified foreign guests talking]

Last night, leading comrades, including Song Ping and Wang Renzhong, visited the Beijing Agricultural Exhibition Hall to see the exhibits on international water conservancy projects. The exhibits have aroused great interest among people in the relevant departments. During the past 4 days, the exhibition hall has admitted an average of 5,000 people every day. The exhibition reflected China's achievements in water conservancy since the founding of New China and the results in scientific research and engineering in the field of water conservancy abroad over the past few years.

Song Ping closely watched various models on display, while encouraging those who work in the field of water conservancy to promote technical exchanges with foreign countries in order to raise our standards further in developing water conservancy projects.

Minister Urges Chemical Fertilizer Production
*OW2511150489 Beijing XINHUA in English
1106 GMT 25 Nov 89*

[Text] Beijing, November 25 (XINHUA)—The Ministry of the Chemical Industry will continue to take the production of agricultural chemical products as the major task to guarantee a bumper harvest in 1990.

Lin Yincai, vice-minister of the chemical industry, said at a recent working meeting that the ministry plans to produce 87 million tons of chemical fertilizer and 210,000 tons of agricultural chemicals next year to meet the increasing needs of agriculture.

According to statistics by the ministry, in the first 10 months this year, China produced 71.88 million tons of chemical fertilizer, 85 percent of the year target for it, and 170,000 tons of agricultural chemicals, 84 percent of the year plan.

Minister of the Chemical Industry Gu Xiulian has urged local governments to guarantee the production of agricultural chemical products and basic materials for them by adopting preferential policies in the fields of price and revenue.

Shandong Province has been awarding preferential treatment to support the production of agricultural chemical products such as by giving chemical factories top priority in the supply of energy and raw materials, and increasing the amount of foreign currency available for importing the materials for making agricultural chemicals.

Ratooning Rice Development To Increase Output
*OW2411031289 Beijing XINHUA in English
1449 GMT 23 Nov 89*

[Text] Chengdu, November 23 (XINHUA)—China has made great efforts to develop ratooning rice as a way to increase grain output.

Ratooning rice is suited to areas with abundant sunlight and a growing season too short for two crops a year. After ratooning rice is harvested the stalks send out new shoots giving a second yield from the same plants.

Ratooning rice has long been known to farmers in south China, but because of technological problems, the harvest of ratooning rice was very low.

After several years of research, agricultural scientists found that the key to raising the grain output of ratooning rice lies in the sowing of the first crop, the height of the remaining stalks and fertilizer application.

Scientists are still not satisfied with the output of rice per hectare which varies from a high of 4,500 kilograms to a low of 600 kilograms.

Ratooning rice has become very popular among farmers in Sichuan Province because it takes only 3 to 4 months to mature with less input.

A total of 400,000 hectares of land were planted with ratooning rice in Sichuan Province this year. Total output was 600 million kilograms.

A provincial government official in charge of popularizing the technique described ratooning rice as "picked up grain."

The provincial government has adopted a preferential policy in providing fertilizer and seeds to encourage the spread of the technique.

East Region

Anhui's Fu Xishou on Studying Jiang's Speech
OW2611191189 Fuzhou FUJIAN RIBAO in Chinese
29 Oct 89 pp 1, 3

[Excerpts] The second study class for cadres at and above the department and bureau levels directly under the provincial authorities ended on 25 October. Fu Xishou, deputy secretary of the Anhui Provincial CPC Committee and governor of the provincial government, made a summation speech. He emphatically pointed out: In studying Comrade Jiang Zemin's important speech, we must first do our best to reach a common understanding. On the basis of fully understanding the basic guidelines of his speech, we should now continue to reach a consensus and seek unity of thinking in the following four aspects:

1. We must reach a common understanding on our achievements and mistakes made in the past 40 years and strengthen our belief that socialism will certainly prevail. Fu Xishou said: A correct approach to the achievements and mistakes made since the founding of China 40 years ago is a prerequisite for correctly understanding the guidelines of Comrade Jiang Zemin's speech. Reviewing the history of the past 40 years, we must fully reaffirm the magnificent achievements the Chinese people have made under the socialist system. Our achievements can be seen not only in the political sphere but also in the economic, cultural, and social spheres. This is obvious to all. [passage omitted]

As for mistakes committed in our work, we must also analyze them by seeking truth from facts. Before the 3d Plenary Session of the 11th CPC Central Committee, our biggest mistakes were "leftist" deviation in our guiding ideology and ossification in our structure. However, in the past few years, our biggest mistake has been neglecting ideological and political education. We have not upheld the four cardinal principles consistently enough, and we have let the ideological trend of bourgeois liberalization run rampant. [passage omitted]

2. We must reach a common understanding on the mutual relationship between the "two basic points," and draw a lesson from both positive and negative experiences. Fu Xishou noted: Comrade Jiang Zemin's speech is permeated with the ideological keynote of unity between upholding the four cardinal principles and the reform and opening to the outside world. This is a very important question. If we do not clarify this question, the two erroneous deviations—ossification and liberalization—will alternately appear, and bring frustration to our cause. [passage omitted]

3. It is necessary to reach a consensus on promoting both material civilization and socialist culture and ethics. It is necessary to develop socialist culture and ethics in a feasible way. Fu Xishou said: What we want is socialist modernization. This is not only a concept of material production or science and technology, but also a process

of social development and social progress. It is closely linked to and inseparable from the consolidation and perfection of the socialist system. In this process, if we should pay attention only to promoting material civilization but neglect promoting socialist culture and ethics, our members in society would inevitably be led to increasingly enjoying material benefits and material wealth only. As a result, we would lose our lofty ideals, noble moral values, healthy esthetic standards, and view of the charms of life. The relationships of unity, friendship, equality, mutual help, and close cooperation which should exist between people in socialist society would become weaker and weaker. There would be more negative and repulsive phenomena jeopardizing our cause. [passage omitted] He pointed out: The lesson we have drawn from the turmoil and the Beijing counterrevolutionary rebellion that occurred last spring and summer is quite incisive. When we examined ourselves in a cool-headed way, we found the consequences of neglecting the promotion of socialist culture and ethics was very serious: Our efforts for ideological education in upholding the four cardinal principles were slackened, the party's leading role was played down, the importance of ideological and political work was belittled, ideological and ethical construction was weakened, the party's fine traditions were thrown into oblivion, the work in the ideological sphere was neglected, cadres engaged in political work were lax in discipline, and quite a few units abandoned and lost their proletarian ideological positions. [passage omitted]

4. It is necessary to reach a consensus on the importance of strengthening leading cadres' study of theory and continuously raise the entire party's theoretical level so all party members can have keen political insight. Fu Xishou noted: In his National Day speech, Comrade Jiang Zemin said, "a Communist who lacks theoretical training in Marxism and is not good at using the correct stand, viewpoint, and method in analyzing and solving problems cannot play his due role, nor become qualified for any leading role in the party at all." This admonition is quite pertinent and profound. It also explains the extreme importance and urgency of party cadres—particularly leading cadres, studying theory. However, there are a few of our leading cadres fail to fully understand this. They have been busy with day-to-day affairs on a long-term basis and slackened their efforts to study theory. As a result, they pay no attention to ideological and political developments. [passage omitted]

More than 400 cadres, including those from 136 department and bureau units, leading cadres of institutes of higher learning and provincial-level units and some retired veteran comrades, attended the second study class. Before the closing ceremony, Wang Shengjun, member of the Standing Committee of the provincial party committee and secretary of the provincial Political and Legislative Affairs Committee, led and organized all groups to exchange study experience.

The third study class for cadres at and above the department and bureau levels directly under the provincial authorities formally opened on 26 October.

Anhui Reviews Results of Retrenchment Efforts

OW2611172089 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 6 Nov 89

[From the "Provincial Hookup" program]

[Text] Governments at all levels across the province this year have been actively implementing the policy of improving the economic environment and straightening out the economic order, and have been continuing to cut down capital construction projects in favor of key construction projects.

In the period between January and September, fixed asset investment of local state-run enterprises in the province was scaled back by 27.8 percent as compared with the corresponding period last year. The same kind of investment for collective enterprises in the province registered a decline of 52.1 percent, while investment in fixed assets for privately owned businesses in urban areas decreased by 41.5 percent. While pressing with the investment retrenchment drive, all localities have also taken every possible step to ensure the construction of key projects. From January through September, the province's 25 key projects that are under assessment had completed 58.2 percent of their investment schedule for the year.

Through the screening and rectifying of projects under construction and the scaling down of investment scope, as well as the drive to improve the economic environment and straighten out the economic order, the management of capital construction projects in the province has been strengthened. The irresponsible practice of approving construction projects without either adhering to guidelines or going through the right procedures has been basically stopped. Extra-budgetary projects have been put under strict control. All projects have basically come under proper management.

All localities, taking into consideration their own conditions, have also drawn up feasible management measures to step up control over extra-budgetary projects as well as the monitoring of projects whose construction was halted or put on hold. As a result, they have dealt sternly and effectively with a number of violation cases where construction of halted projects was resumed.

The recently-held provincial forum on capital construction pointed out: Although the province has achieved some results in its clampdown on fixed asset investment, there is still a lot of work to be done to completely straighten out chaotic situations in the economy. The major tasks are as follows. First, as the emphasis for this year's construction is placed chiefly on production, education, and water conservation projects, all localities must do their best to ensure their completion. Second, localities and departments must further heighten their

awareness and press forward with the drive to screen projects under construction and to control the scope of fixed asset investment, in line with the guidelines specified in the speeches of Governor Fu Xishou and Vice Governor Shao Ming, delivered at the recent meeting of the provincial leading group on screening and rectifying projects under construction. Meanwhile, they must also deal with the aftermath of projects halted or put on hold. Third, newly-started projects must be closely watched and brought under control. Besides energy, communications, farming, forestry, water conservation, and infrastructure construction projects, as well as educational and housing projects, no other construction projects can be initiated for the remainder of the year. Fourth, all localities must advocate austerity and oppose wastefulness, using the limited funds where they are needed most.

Shandong Holds Report Meeting on CPC Leadership

SK2811003089 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 18 Nov 89

[Excerpts] On the morning of 18 November, the Shandong Provincial CPC Committee sponsored the second theoretical report meeting at the Zhenzhuquan Auditorium of Jinan City. At the meeting, Ma Zhongchen, deputy secretary of the provincial party committee, delivered a special report entitled "Why Must We Uphold the CPC's Leadership?" Attending the meeting to hear the report were more than 1,700 cadres at or above the section level from provincial level departments.

In his report, Comrade Ma Zhongchen described his personal understanding and experience with regard to the four reasons why we must uphold the CPC's leadership:

1. The CPC's leadership is the inevitable outcome of Chinese social development. The CPC's leading position in China is not imposed by itself but has been formed along with the development of China's revolutionary history and decided by the objective law of contemporary social development. From its birth, development, and growth to being a large party in power, the CPC has led the Chinese people to win a tremendous victory in both revolution and construction. From such a basic fact of history, we may draw the conclusion that the decision on the leading position of the CPC is the inevitable outcome of Chinese historical development and represents the victory won by the working class which accounts for the vast majority of the Chinese population and the demand imposed by them. The party's correct lines put forward at various historical periods reflect the objective law of Chinese revolution and construction and represent the orientation of historical development. Because of this, the CPC is generally recognized as the leading core of the people of various nationalities throughout the country. Both history and the people have pushed the party to the leading position of the Chinese revolution and construction. However, the party has never let history and the people down. We will not allow those who have indulged in bourgeois liberalization to negate this fact.

2. Only the CPC can shoulder the heavy historical duties of leading the people to build socialism with Chinese characteristics. Building the socialist modernization represents an important task in the course of socialist revolution and construction. To fulfill the task, it is still necessary to have the CPC take the lead and only the CPC can shoulder the heavy historical duties. Only the CPC has mastered the scientific world outlook of Marxism and formulated a series of lines, principles, and policies by proceeding from China's conditions, which are in conformity with the national reality. Only the CPC can represent the common interests of the people of various nationalities throughout the country and mobilize the people or have close ties with them. Only the CPC possesses a large number of outstanding elements of the Chinese nation and of leading backbone personnel, has accumulated rich experience concerning leadership and can shoulder the heavy duties of organizing various industries and trades to engage in reform and construction. Only the CPC has displayed the spirit of strictly enforcing the organizational discipline and the lofty spirit of selflessly making contributions and has had lofty prestige among the masses.

3. Upholding or supporting the party's leadership represents a most important fighting task for the entire party. Both domestic and foreign hostile forces have attempted to drag China onto the bourgeois track in order to bring a change to the Chinese socialist system and have always directed their spearhead of attack at the CPC. Particularly over the past few years, they have stirred up a reactionary adverse current of opposing or toppling the CPC's leadership. Under such a grave climate, the CPC's members have experienced a severe test. To smash the scheme of both domestic and foreign hostile forces, efforts should be made to uphold the socialist road in China and to realize the socialist modernization. What is most important is that we should unwaveringly safeguard and continuously consolidate the party's leading position.

4. Efforts should be made to earnestly solve the inner party problems and to continuously enhance the party's self-improvement. [passage omitted]

Concluding his report, Ma Zhongchen pointed out that the current situation we face is complicated and the tasks undertaken by us are very arduous. We must enhance or improve the party's leadership by harboring a strong sense of social responsibility and an urgent sense of historical task fulfillment, safeguard the authority of the party's leadership, and do a good job in conducting party self-improvement so as to enable the party's leadership to become indestructible. We should lead and unite with the vast number of the people, under the leadership of the CPC Central Committee whose core is Jiang Zemin, to make sustained efforts to score due contributions to fulfilling the grand goal of having the people become wealthy and making the province and the country prosperous. [passage omitted]

Attending the report meeting were leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, and the provincial Chinese People's Political Consultative Committee, including Zhang Quan-jing, Ma Ping, Yan Qingqing, and Lu Maozeng.

Shandong Corporate Rectification Meeting Ends

*SK2711093889 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 26 Nov 89*

[Text] The provincial conference on the work of cleaning up and straightening out companies ended in Jinan on the afternoon of 25 November.

Provincial leaders, including Zhao Zhihao, Zhang Quan-jing, Xiao Han, Ma Shizhong, and Jin Baozhen, attended the conference.

Zhao Zhihao pointed out in his speech: So far, work of cleaning up and straightening out companies has entered a key stage. All localities and departments should make up their minds and adopt great measures for realistically and firmly grasping the work.

Zhao Zhihao said: Cleaning up and straightening out companies is a great matter of inspiring the enthusiasm of the party and the people, that should be achieved by the party Central Committee, the State Council, the provincial party committee, and the provincial government in the near future. Party committees and governments at various levels across the province have paid attention to this work, and relevant departments have done a lot of work in this respect. So, we have made appropriate achievements. However, viewing the overall situation of the province, we still fail to achieve the hoped-for results in the work.

Zhao Zhihao stressed: In cleaning up and straightening out companies, all localities and departments should resolutely carry out the three basic requirements of the party Central Committee and the State Council and conscientiously investigate and handle the companies with undisciplined and unlawful activities, particularly the major and appalling cases of party and government organs, leading cadres, and their relatives. Whoever is involved in these cases should thoroughly be investigated and strictly be handled. It is necessary to set up and strengthen the company management system and to make examinations and approvals strictly according to law. It must be pointed out that cleaning up and straightening out companies does not mean to eliminate companies or to negate their positive role in developing the economy, but to ensure their smooth progress along with the correct orientation. We should analyze and assess the companies in line with the principle of seeking truth from facts, correctly treat the work personnel of companies, and justly assess their work performances.

Central-South Region

Guangdong Seventh Women's Congress Ends 25 Nov HK2811043489 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 25 Nov 89

[Text] The seventh Guangdong provincial Women's Congress that had lasted 4 days, successfully completed all its agenda and concluded in the hall of the provincial government this morning. Leaders, including Lin Ruo, Guo Rongchang, Du Ruizhi, Zheng Guoxiong, Cheng Li, and Liu Weiming, attended today's closing ceremony.

Provincial party committee Secretary Lin Ruo delivered an important speech at the ceremony. He fully affirmed the contributions made by the women in the building of two civilizations in our province over the past 10 years. He demanded: In the future, the women's federations at all levels must continuously help progressive societies and marriage councils organize their activities, support them, and link the work of mobilizing the women to conduct supervision and to give information with many forms of activities of changing prevailing habits and customs. He also hoped: The party committees at all levels will strengthen leadership over the work concerning the women and help the women's federations solve the specific difficulties they encounter in their work.

At this morning's closing ceremony, prizes were awarded to 150 provincial March 8 red-banner pace-setters that were commended and to 100 provincial outstanding woman cadres.

During this women's congress, the representatives present at the congress fervently participated in and discussed government and political affairs and had a lively discussion of the popular topics of conversation in the women's movement, centered on the new challenge confronting the women in the course of reform and opening up. The congress unanimously adopted the work report made by Comrade Wang Shouchu on behalf of the sixth provincial Women's Federation Executive Committee.

Guangdong Province Market Situation Analyzed HK2711125089 Guangzhou YANGCHENG WANBAO in Chinese 16 Nov 89 p 1

[Roundup by reporter Xu Huacheng (6079 5478 2052): "An Analysis of the Market Situation in Guangdong"]

[Text] In the past months of this year, the market situation in Guangdong as well as in the whole country changed greatly. The volume of buying and selling decreased month after month. Normally, the market gets brisk in September; however, the market remained slack after September this year.

In the first 9 months of this year, the total volume of retail sales in Guangdong increased by 17.9 percent as

compared with the same period of last year, but if the factor of price increase is deducted, the growth was negative.

Excessive demand and overheated consumption made the market unprecedentedly brisk in 1988. However, such abnormal prosperity brewed a crisis. Last year, four successive rounds of panic purchasing occurred in the whole country, and the characteristics of the markets were summarized into four words—"briskness, price souring, disorder, and panic buying."

To tackle this problem, the central authorities put forward the policy for improving the economic environment and rectifying the economic order. Through about 1 year's work, initial results have been achieved. Consumption has been cooled down, prices began to fall, and people's hectic mentality toward consumption has been gradually stabilized.

Last year, the prices of color television sets and refrigerators, which were the main goods resold by all kinds of speculators, soared unceasingly; at present, color television sets and refrigerators can be seen everywhere in the urban and rural markets in Guangdong as well as in the whole country, and have been sold at a much lower price. Last year, knitwear, cotton textiles, and wool fabric were in short supply, but the supply of these goods has become much sufficient this year. In addition, the supply of various small commodities for daily use is also sufficient now.

This year, the market situation has changed from last year's abnormal fluctuation to stability. The sales volume of various commodities also declined by a large margin from last year's abnormal growth. The rapid increase in the market demand has been replaced by gradual contraction of the market demand. This is the expected result of the measures for economic improvement and rectification after the state has paid heavy costs, and it is undoubtedly necessary.

However, the market slackness also became a major hindrance to further economic development. According to incomplete statistics, due to the market recession, by the end of September, the value of stockpiled commodities in the whole province amounted to more than 20 billion yuan, or increased by 45 percent over the same period of last year. Industrial products were also stockpiled in large quantity. Several hundred state-owned factories were bogged down in production stoppage or semi-stoppage because their products were too heavily stockpiled and lacked working funds.

Some experts pointed out that under a normal market condition, buying and selling should be brisk and the circulation of goods should be smooth. The market slackness is a kind of imbalance and the negative effect of the overheated economic conditions that existed for many years.

What should be closely noticed is the fact that although the excessive demand and consumption desire have been

restrained to a certain degree, the general pattern of gross demand exceeding gross supply has not been fundamentally changed. The market slackness is not equal to the decrease in purchasing power. Some data showed that the remaining purchasing power in the whole country exceeded 600 billion yuan, and that in Guangdong exceeded 60 billion yuan. In normal circumstances, each yuan of purchasing power should be matched with 4 yuan of commodities; at present, the ratio is only about 1 to 1. In the past months of this year, the situation in retrieving currency from circulation in Guangdong was rather good. However, most of the currency being retrieved from circulation came from bank deposits, and the currency being retrieved from circulation through the sale of commodities accounted for a very small proportion. Some people regarded the "value-guaranteed deposits" as keeping a "big tiger." This is not alarmist talk. Such measures could only result in postponing the effect of the purchasing power.

In view of the above-mentioned facts, the Ministry of Commerce recently held a forum on the market for daily-use industrial goods. At the meeting, people expected that next year's market situation would be characterized by "stability with advances, difficulties, and risks."

How should we deal with the current serious market situation? The provincial financial and economic office put forward a number of countermeasures. First of all, it is necessary to resolutely carry out the policy for improving the economic environment, rectifying the economic order, and deepening reform. This is the only way to adjust and rationalize various relations in the economic operation and gradually normalize the market conditions. At present, many industrial and commercial enterprises are grasping the present opportunity to adjust their product structure and business strategies so as to better adapt their production and products to the market conditions and to free themselves from the predicament in business operation. The Foshan City government recently held a commercial work conference, in which it was decided to adopt a plan for combining industry with commerce, broadening the markets, and expanding the sales of commodities. In Guangzhou, many large factories and large shops have taken steps to promote the marketing of their products and commodities in the countryside. For example, the Dongshan Department Store in Guangzhou found that durable and large consumer goods had dull sales, then the shop shifted to handle more goods for daily use and achieved marked economic results. Before and after the Middle Autumn Festival, the Guangzhou Metal Ware and Electrical Appliances Marketing Center sold large batches of bicycles to the rural areas in the north of the province, and some 30,000 bicycles were sold in the marketing campaign in August. Liuhua Hotel also tried to increase its business by offering low-cost feasts and dishes to attract customers. All these enterprises proved that they were able to increase their business adaptability in the changing market conditions.

Guangdong Faces Growing Unemployment

HK2911003689 *Beijing CHINA DAILY* in English
29 Nov 89 p 3

[By our staff reporter Zheng Calxiong]

[Text] Guangzhou—South China's Guangdong Province is facing growing unemployment problems, according to an official from the Provincial Labour Bureau.

Statistics from the bureau show that the number of people waiting for employment has increased from 520,000 last year to 640,000 this year in cities and towns in the province. And the figure is expected to increase to 670,000 next year, and 700,000 in 1991.

This year, the bureau will assign 480,000 people jobs. The rate of unemployment is now 1.9 percent, the official said.

"There will be 210,000 unemployed people by the end of 1990 in the province, the rate of unemployment will be 2.4 percent. And the number of unemployed will reach 240,000 by the end of 1991, when the rate will reach 2.7 percent, as the bureau cannot assign more people jobs in the next two years," the official continued.

With the development of the provincial economy thanks to the open-door policy in the past decade, the rate of unemployment decreased from 6.8 percent in 1979 to 1.7 percent last year.

"Under the policies of slowing down the overheated economy, most enterprises refuse to take on new employees," the official said.

"People employed in township enterprises, local travel service agencies and individual commercial businesses which accounted for 65.5 percent of employment in the past years have sharply been reduced."

"The employment rate in these businesses will drop from 15 percent in 1985 to 1 percent in the next two years," the official added. "Also, over 20,000 individual traders in the province have stopped doing business this year and they will add to the unemployment problem."

The Provincial Labour Bureau has decided to take measures to combat the problem.

These will include strict control of surplus labourers from rural areas entering the cities and towns.

Hainan CPC Committee Work Conference Ends 22 Nov

HK2711111489 *Haikou Hainan Provincial Service*
in Mandarin 2300 GMT 22 Nov 89

[Excerpts] A provincial party committee work conference concluded yesterday [22 November] afternoon. [passage omitted] Provincial party committee Secretary Xu Shijie and provincial party committee Deputy Secretary Liu Jianfeng delivered important speeches at the conference. Attending the closing ceremony were provincial party committee Standing Committee Members Bao

Keming, Wang Yuefeng, Wei Zefang, and Li Zhimin and Provincial Discipline Inspection Commission Secretary Dong Fanyuan.

At this work conference, the comrades present at the conference seriously studied the decision of the CPC Central Committee on further improvement, rectification, and deepening reform, Comrade Deng Xiaoping's speech, and the decision on the CPC Central Committee's agreement with Deng Xiaoping resigning his position as chairman of the Central Military Commission.

In his speech, Comrade Xu Shijie demanded: The cadres at all levels must take the lead in studying the spirit of the Fifth Plenary Session of the CPC Central Committee and the speeches of the leading comrades of the central authorities to ensure that the situation is invigorated, thinking unified, confidence strengthened, the fighting will aroused, the relations between improvement and rectification and reform and opening up profoundly understood, and the stability and continuity of the policies and measures understood. It is necessary to further improve the work style, to integrate with the masses, to go deep into the forefront of production, to struggle hard, and to do work well. [passage omitted] It is essential to lead the masses to see the results, bright future, and favorable conditions. We must do everything that is beneficial to the elimination of misunderstanding and feelings of discontent. We must emphasize that the policy of reform and opening up remains unchanged, the policy of setting up a large special zone and a development area unchanged, the principle of developing many economic sectors unchanged, the system of contracted enterprise responsibility unchanged, the system of contracted responsibilities on the rural household basis with remuneration linked to output unchanged, the policy of allowing a part of people to get rich first unchanged, the policy of encouraging township and town enterprises to develop healthily unchanged, and the policy of agricultural and sideline product procurement unchanged. In Hainan, we must hold aloft the banner of reform and opening up, arouse the fighting will of the people, and do well in building the special economic zone in a down-to-earth manner.

In his speech, Comrade Xu Shijie also placed emphasis on the issue of developing agriculture, demanding: The leaders of the province, prefectures, and counties must use their main energy to develop agriculture. They must stabilize the policies to arouse the peasants' enthusiasm, increase input, popularize science and technology in an all-around way, and really promote agriculture.

In his speech, Comrade Liu Jianfeng practically and realistically analyzed the economic situation of our province and pointed out the present difficulties and favorable conditions. In light of the realities of our province, he put forward the target and steps of improvement, rectification, and deepening reform and his views. He demanded: According to the spirit of the Fifth Plenary Session of the CPC Central Committee, all prefectures, counties, and departments must [words indistinct]

guiding ideology and in conjunction with realities, strengthen leadership, improve their work style, work in a down-to-earth manner, and really do all aspects of work well.

Attending the closing ceremony were also responsible party-member comrades of the provincial People's Congress and provincial Chinese People's Political Consultative Conference Committee; the principal leading party-member cadre of all departments, commissions, offices, and bureaus of the provincial organs, all people's organizations, [words indistinct] units of the central authorities to Hainan, and [words indistinct]; the principal leading party-member cadre at the level of a department director of the provincial subordinate enterprises and institutions; party-member cadres at and above the level of a deputy department director of all provincial units and retired party-member cadres at the same level; the secretaries of all city, county, and autonomous county party committees; city mayors; and county heads.

Henan Launches Campaign Against Six Vices

HK2811050089 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 25 Nov 89

[Excerpts] The provincial people's government held a telephone conference yesterday afternoon to make unified arrangements for wiping out the six vices throughout the province.

In recent years the six vices, namely abducting and selling women and children; prostitution; duplicating and disseminating pornographic materials; organized gambling; stealthily planting, taking, and trafficking opium; and using feudal fetishes and superstitions to swindle money and harm people; have developed and spread unhindered. To deal severe blows at these criminal activities, push forward the building of socialist spiritual civilization, improve social mood, and effect a turn for the better in public security, the provincial people's government has decided, in line with the spirit of the State Council's documents, to arouse and organize people of all circles and the people of the whole province to launch a massive and unified campaign against those evils this winter and next spring. [passage omitted]

Entrusted by the Henan Provincial People's Government, provincial Public Security Department Director (Li Guangjin) conveyed at the meeting a plan for arousing the people of the whole province to wipe out the six vices. Vice Governor Hu Tiyun emphasized at the meeting that wiping out the six vices is the duty of the departments concerned and the whole society. The departments in charge must take the responsibility earnestly and all members of society must pitch into the action. [passage omitted]

Hunan Marks Anniversary of Liu Shaoqi's Birthday

*HK2811024589 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 24 Nov 89*

[Text] Commemorating the 91st anniversary of Comrade Liu Shaoqi's birthday and the 1st anniversary of the opening of the Comrade Liu Shaoqi Memorial Hall, on 23 November, leaders of Hunan Province and Changsha City, including Liu Zheng, Xia Zhanzhong, (Shen Ruiting), Wang Zhongfu, Wang Keying, and (Sun Zhaoxian) and responsible comrades of the provincial and city departments concerned and Ningxiang County went to (Tanzichong) of (Huaminglou) in Ningxiang County to attend a forum to commemorate him.

Comrade Liu Shaoqi Memorial Hall opened on 24 November last year. Over the past year, it has received 410,000 people, some 560 of whom were foreign visitors from some 60 countries and regions and Hong Kong and Macao compatriots.

Provincial Party Committee Deputy Secretary Liu Zheng and Changsha City CPC Committee Secretary Wang Zhongfu delivered speeches at the forum one after another. They said: Comrade Liu Shaoqi was a great Marxist and an outstanding proletarian revolutionary, statesman, and theoretician. We must learn from Comrade Shaoqi's attitude of seeking truth from facts in the course of leading the socialist revolution and construction, his work style of going deep among the masses to conduct investigation and study, and his revolutionary spirit of hard struggle, plain living, and meeting difficulties head-on. With Comrade Shaoqi as our model, we must seriously implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee and do our present work well.

Subsequent to the forum, the representatives present at the forum inspected the exhibition of calligraphy and paintings to mark the 91st anniversary of Comrade Liu Shaoqi's birthday and the 1st anniversary of the opening of Comrade Liu Shaoqi Memorial Hall.

Southwest Region**Sichuan Leader Addresses Provincial Party Meeting**

*HK231110589 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 20 Nov 89*

[Excerpts] According to news from SICHUAN RIBAO, the enlarged meeting of Sixth Plenary Session of the Fifth Sichuan Provincial CPC Committee came a successful close in Chengdu yesterday afternoon [20 November]. The closing meeting unanimously approved the decision of the enlarged meeting of the Sixth Plenary Session of the Fifth Sichuan Provincial CPC Committee on conscientiously implementing the spirit of the 5th Plenary Session of the 13th CPC Central Committee.

Provincial party committee Secretary Yang Rudai made an important speech at the meeting. Since its opening on

16 November, the meeting conscientiously relayed and studied the guidelines of the 5th Plenary Session of the 13th CPC Central Committee and the central working meeting held prior to the plenary session. The comrades attending the meeting held heated discussions in coordination with the reality at home and abroad and in our province. They unanimously supported the decision of the CPC Central Committee on further improving the economic environment, rectifying the economic order, and deepening the reform approved by the fifth plenary session; the decision of the fifth plenary session on endorsing Comrade Deng Xiaoping's resignation from the chairmanship of the CPC Central Committee Military Commission; and the leaders of the Central Military Commission decided by the plenary session.

Through discussions, all participants had a clearer idea of the situation, made clear the tasks of economic rectification and in-depth reform, unified ideological understanding, strengthened the confidence to overcome difficulties and, in coordination with the reality in our province, put forward measures for implementing the spirit of the fifth plenary session.

At the closing meeting, Comrade Yang Rudai dealt with four questions. First, in doing a good job of economic rectification, we should aim at achieving stability and bringing our drive into full play. Second, we should sum up historical experience, firmly embrace the guiding idea of a sustained stable, and harmonious economic development. Third, while reducing total demand and readjusting the production structure, we should stress the development of agriculture and other basic industries. Fourth, to fulfill the task of improving the economic environment, rectifying the economic order, and deepening the reform, there must be a strong political guarantee. [passage omitted]

Comrade Yang Rudai pointed out: We have gotten a great reward from the fifth plenary session. It enables us to realize that, in our economic development, the most important lesson in the past 40 years is to exceed the national condition and strength, to be over-anxious for success, and to have a great fluctuation. To resolve this problem, it is necessary to firmly embrace the idea of a sustained, stable, and harmonious development of the national economy as our guiding thought and uphold it for a long time to come as a basic guiding principle. To implement the spirit of the fifth plenary session, it is absolutely necessary to solve well the question of the guiding thought and guiding principle.

Comrade Yang Rudai stressed that the understanding on the status of agriculture should be raised to the plane of the central decision and that it is necessary to firmly foster the idea of developing agriculture in a sustained and stable way. Leading organs at all levels in our province and the people of the whole province should take upon themselves the task of developing and supporting agriculture. All trades and professions should shift their work onto the track of taking agriculture as the foundation and give scope to and do practical work for

the development and rejuvenation of agriculture. While vigorously stepping up agriculture, we should, in line with the requirements of the industrial policy, readjust the industrial structure. [passage omitted]

In conclusion, Comrade Yang Rudai pointed out: Although there are still many difficulties before us and although our tasks are still very arduous, we have the correct leadership of the party Central Committee with Comrade Jiang Zemin as the core and the superior socialist system. Provided that we continuously carry forward the dauntless revolutionary spirit and the party's fine traditions and, together with the people of all nationalities, get united for hard struggle, we will certainly be able to overcome the difficulties in our advance and seize victories in economic rectification, reform, and opening up.

At the full meeting on the afternoon of 18 November, Zhao Haoruo, provincial party committee deputy secretary and governor, made a speech on how our province should implement the decision of the party Central Committee on further improving the economic environment, rectifying the economic order, and deepening the reform. [passage omitted]

Commentary Warns Against Splittism in Tibet

HK0112084189 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 30 Nov 89

[Station "short commentary": "Those Who Attempt To Split the Motherland Will Certainly Come to No Good End"]

[Text] At a mass rally today, the Lhasa City Intermediate People's Court publicly sentenced Ngawang Puncung and other nine criminals to terms of imprisonment, convicting them on the charge of organizing a counter-revolutionary organization and recklessly conducting criminal activities to split the motherland.

This has greatly heightened the morale of the people and severely punctured the arrogance of separatists. It also once again proves that our powerful proletarian dictatorship is impregnable and that those who attempt to split the motherland will certainly come to no good end.

The crimes committed by Ngawang Puncung and other criminals demonstrate that the so-called human rights, freedom, and democracy played up by separatists both at home and abroad are nothing but a pack of deceitful lies. Deliberately planning to form counterrevolutionary organizations, putting up posters, spreading rumors, and collecting information, they frenziedly conducted criminal activities to split the motherland. It is quite apparent that the aim of their crimes was to attempt to separate Tibet from the motherland by exploiting the international anti-China forces. The severe punishment imposed on them is richly deserved.

Ngawang Puncung and other nine criminals were lamas before but they took an active part in the counterrevolutionary criminal activities of splitting the motherland. They thoroughly betrayed the religious doctrine and canons of Buddhism by their actions. They are the scum of the religious circles and are not representative of other monks and laymen. The majority of the monks and laymen of our region love the motherland and the religion they believe in. Undoubtedly, they cannot tolerate Ngawang Puncung and his like, who engaged in the activities of splitting the motherland under the cloak of Buddhism.

During the Lhasa riots on 5 March this year, the public security organs of our region arrested [words indistinct] people, 300 of whom were released after being educated. The sentence passed down by the Lhasa City Intermediate People's Court on Ngawang Puncung has dealt a heavy blow to the separatists. Let this serve as a stern warning for separatists both at home and abroad that those who split the motherland will not come to a good end.

Yunnan Governor Outlines Economic Problems

HK2911102389 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 26 Nov 89

[Excerpt] The provincial party committee Propaganda Department, the work committee of organs directly under the provincial party committee, and the work committee of the provincial government organizations yesterday [25 November] morning jointly held a meeting giving lectures on upholding the four cardinal principles and combating bourgeois liberalization.

Governor He Zhiqiang, who is also deputy secretary of the provincial party committee, made a report entitled "Further Implement the Economic Improvement and In-Depth Reform Policy, Promote a Sustained, Stable, and Coordinated Economic Development." He pointed out: The 5th Plenary Session of the 13th CPC Central Committee summed up experience over the past 4 decades since the founding of New China, and especially over the 10 years of reform and opening up, and made an objective analysis of the current economic situation. It affirmed what had been achieved in the 10 years of reform, accurately pointed out problems existing in our economic life, and also urged completion of the task of improving the economic environment and straightening out the economic order in 3 years or a little longer. We must earnestly study the spirit of the fifth plenary session, and resolutely implement the party Central Committee's policy of economic improvement and in-depth reform, firmly embrace the idea of leading a thrifty life for several years, and establish confidence in self-reliance and hard struggle so as to ensure the achievement of economic improvement and in-depth reform.

He Zhiqiang continued: Our province has achieved good results in economic improvement and rectification since last year, but has not yet tided over its difficulties, and the economic situation remains very serious. The main features of the situation are: Social demand still exceeds total

social supply, there are strains in energy and transport, the price index is still high, agriculture is weak, the population is swelling, and the ecological environment is deteriorating. All these problems should be really solved in the process of improving the economic environment and straightening out the economic order.

He Zhiqiang emphatically pointed out: Our province needs to bring in grain from other parts of the country, its people live off agricultural production, 80 percent of its people live in the countryside, and 75 percent of its revenue comes from the rural areas. The issue of agriculture is vital to the people of the whole province and also has an important bearing on industrial production and the revenue of the province. Leaders at different levels should be fully aware of the serious situation in agricultural production, should adopt effective measures to strengthen the infrastructure of agriculture in 3 years or a little longer in the course of economic improvement and rectification, and must be determined to attain a yet higher goal in agricultural production so as to resolve the province's problem of self-sufficiency in grain. While paying attention to agriculture, we must manage to improve the economic results of all professions and trades and do well all in fields of work with regard to in-depth reform. [passage omitted]

North Region

Hebei CPC Committee Appoints, Releases Officials

SK2811051389 Shijiazhuang HEBEI RIBAO
in Chinese 3 Nov 89 p 3

[Text] Recently, the provincial party committee made a decision on personnel appointments and removals.

Zhou Binghai [0719 0365 3189] and Du Zexin [2629 3419 9515] were appointed as Standing Committee members of the provincial Discipline Inspection Commission.

Zhang Zhenhuai [1728 7201 2037] was appointed as deputy director of the Organizational Department of the provincial party committee; and Wang Jiashu and Chen Zhiping were removed from the post of deputy directors of the Organizational Department.

Liu Boyu was removed from the post of deputy chief of the research office of the provincial party committee.

Zhen Xiting [6774 3556 0080] was appointed as chief of the lecturers group of the provincial party committee; and Liu Ronghui was removed from the concurrent post of chief of the lecturers group.

Zhou Shengshen was removed from the post of deputy chief of the agricultural research office of the provincial party committee.

Inner Mongolia Concludes CPC Meeting 24 Nov

SK2611021689 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 24 Nov 89

[Text] The enlarged meeting of the Standing Committee of the autonomous regional party committee, of which the major task was to conscientiously study, thoroughly understand, and implement the various decisions of the 5th Plenary Session of the 13th CPC Central Committee and the important speeches of central leading comrades, concluded in Hohhot this afternoon after a 7-day session. After study and discussions were conducted in groups, Comrade Wang Qun delivered an important speech entitled "The Important Issue Lies in Achieving Unity in Thinking." Comrade Bu He gave a report on the autonomous regional party committee's opinions on resolutely implementing the CPC Central Committee's decision on further carrying out improvement, rectification, and deepening of reform. Attending the meeting were Standing Committee members of the autonomous regional party committee, leading cadres with party membership of the various leading bodies of the autonomous region, secretaries of league and city party committees, heads of leagues, secretaries of the leading party groups of the various departments, committees, offices, and bureaus directly under the region, and secretaries of the party committees of the colleges and universities in Hohhot, totaling more than 170.

The meeting noted: Over the past 10 years of reform, our country has indeed scored the important achievements that attracted worldwide attention. At the same time, many problems and difficulties have also emerged. We should fully estimate the seriousness of the economic difficulties and fully understand the arduousness of the endeavor of improvement and rectification. We should also note the favorable conditions for overcoming the difficulties. Generally speaking, in our region, difficulties and opportunities exist simultaneously in the process of improvement and rectification. We will be totally able to successfully fulfill the various tasks for the endeavor of improvement, rectification, and deepening of reform so long as we conscientiously implement the guidelines of the decisions of the party Central Committee, realistically assess the difficulties, pay great attention to them, firmly seize the opportunities for development, enhance confidence, make the best use of the situation, develop the favorable conditions and eliminate the unfavorable ones, and work hard with an indomitable spirit. After overcoming the difficulties, we should bring our region's economic development up to a new stage, and maintain a long period of sustained, stable, and coordinated development in the national economy of our region.

The meeting held: Based on the requirements of the party Central Committee, major targets of our region's endeavor of improvement and rectification are to gradually reduce the price increase index and bring down the region's retail price increase index to less than 10 percent within the time limit set by the central authorities; to gradually increase

our financial capacity and strive to bring up our financial self-reliance rate to about 50 percent by 1992; and to maintain a proper economic growth rate on the basis that economic results, economic quality, and scientific and technological levels are improved, and strive to make CNP grow by 7.6 percent on average every year. Other goals are to accelerate agricultural development and strive to increase grain output to about 7.5 billion kg in normal years; to improve the irrational industrial composition and make it possible for energy, communications, raw material, and other key projects to be strengthened; and to stabilize, improve, and deepen the various reform measures and gradually establish a system of macroregulation and control that suits the principle of combination between the planned economy and market regulation, and that uses economic, administrative, and legal means comprehensively. To attain the aforementioned targets, we should firmly grasp the four important links that play a key role—reducing demand, adjusting the structure, rectifying the order, and improving economic results—and continuously and unwaveringly implement the central policy of improvement, rectification, and deepening of reform.

The meeting held: The endeavor of improvement and rectification requires that we control the general demand. We should resolutely keep the general scope of the investment in fixed assets within the planned one prescribed by the state. While striving to increase revenues, we should strictly control expenditures, and truly lead a few years of frugal life. In the process of improvement and rectification, we should conscientiously rectify the economic order, especially the order of circulation. We should attach importance to studying the new situations emerging in the process of improvement and rectification, and study ways to solve new problems. While carrying out the endeavor of improvement and rectification, we should mobilize the entire party and entire society to attach importance to agriculture and animal husbandry, rapidly create an upsurge in supporting and developing agriculture and animal husbandry, promote agriculture and animal husbandry with concerted efforts, strive to increase the production of grain and other farm and animal by-products, and formulate as soon as possible the grain development plan for the period from 1990 to 1992 and the major measures for fulfilling the plan. While making efforts to attain the three short-term fighting goals, we should assign every level the responsibility for carrying out the aforementioned work. We should firmly foster the idea of developing agriculture and animal husbandry through science and technology, establish and improve science and technology popularization networks at three levels, and exert great efforts to widely apply the existing scientific and technological achievements and applicable techniques in agriculture and animal husbandry. We should continue to stabilize and improve the household-based output-related contract responsibility system in rural and pastoral areas. In the process of improvement and rectification, we should pay great attention to scientific and technological progress, and rely on reform, policies, management, and ideological and political work to realistically improve the

operation and economic results of enterprises. In the process of improvement and rectification, we should correct the orientation of education, persistently train personnel for socialism, and greatly improve the level of the people of various nationalities throughout the region. We should attach importance to controlling the quantity of the population.

The meeting held: Based on the requirements of the principle for deepening reform as put forward in the decision of the party Central Committee, we should emphasize the following work at present and for some time to come. First, we should continue to stabilize and improve the enterprise contracted management responsibility system. Second, we should continue to experiment with the pilot reforms that have been decided on, summarize, and improve them. Third, we should improve the system of macroregulation and control. Fourth, we should continue to develop diverse economic sectors with public ownership as the main body. Fifth, we should seize the opportunities to actively open the region to foreign countries as well as other areas of the country.

The meeting held: To ensure the implementation of the decisions of the party Central Committee, we should always uphold the party's strong leadership, persist in the fruitful ideological and political work, and maintain the stable and united social situation. Without stability and unity, there will be no guarantee for improvement and rectification. We should give full play to the role of party organizations as fighting bastions and the role of party members as vanguards and models. All Communist Party members should set an example in having the major principles in mind and taking the overall situation into account, maintaining unity, and abiding by discipline. They should also be examples in pioneering causes through self-reliance and hard work, making the country prosperous through vigorous efforts, performing duties honestly in disregard of personal interests, maintaining close ties with and serving the masses, and braving the way forward despite difficulties. As long as all the Communist Party members unify their thinking and action, and share weal and woe and work hard together with the masses, we will be able to overcome all difficulties and obstacles, and win a success in the endeavor of improvement, rectification, and deepening of reform.

Northeast Region

Sun Weiben Attends Heilongjiang Plenum Opening

Leaders Report

SK0312035389 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 1 Dec 89

[Text] The Fourth Plenary Session of the Sixth Heilongjiang Provincial CPC Committee opened in the Heping meeting hall of Harbin City on 1 December. Of 44 members of the sixth provincial party committee, 38 attended the session and 6 were absent on official or sick

leaves. Of 12 alternate members of the provincial party committee, 9 attended the session and 3 were absent on official leaves.

Attending the plenary session as observers were 8 members of the provincial Advisory Commission, 26 members of the provincial Discipline Commission, party-member vice chairmen of the provincial People's Congress, vice governors of the province, party-member vice chairmen of the provincial Chinese People's Political Consultative Conference [CPPCC] Committee, secretaries of the prefectural and city party committees, mayors and commissioners of cities and prefectures, deputy secretaries general of the provincial party committee, secretaries general of the provincial People's Congress and the provincial CPPCC committee, and responsible comrades from some provincial level units—96 persons in all.

Major items on the session's agenda are to relay and implement the spirit of the 5th Plenary Session of the 13th CPC Central Committee, to discuss by upgrading their understanding the plan set forth by the province for implementing the decision adopted at the 5th plenary session, and to define the guiding ideology and ideas of conducting economic work throughout the province in 1990.

Following the 5th Plenary Session of the 13th CPC Central Committee, the provincial party committee, in line with the provisions made by the CPC Central Committee, has relayed step by step and level by level the spirit of the 5th plenary session and of the work conference of the CPC Central Committee. Based on conducting study and discussion, departments under the provincial level organs and the party committees of various prefectures and cities have preliminarily studied in line with their actual situation the plan for implementing the decision adopted at the fifth plenary session.

During the enlarged meeting of the provincial party Standing Committee from 24 to 26 November, the participating members discussed the plan and decided to submit this draft plan to the fourth plenary session of the sixth provincial party committee for examination.

Sun Weiben, secretary of the provincial party committee, presided over the session on the morning of 1 December. During the session, Comrades Sun Weiben and Shao Qihui made reports on relaying the spirit of the 5th Plenary Session of the 13th CPC Central Committee.

The plenary session will last 4 days.

Plenum Continues

SK0512061989 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 3 Dec 89

[Text] Today [3 December], the 4th Plenary Session of the 6th Heilongjiang Provincial CPC Committee has come to the stage of examining and discussing the province's programs for implementing the decisions of the 5th Plenary Session of the 13th CPC Central Committee. At the session held this morning, Comrade Shao Qihui, deputy

secretary of the provincial party committee, explained the pertinent issues concerning the province's draft programs for implementing these decisions.

Regarding the province's general guiding ideology for implementing the decisions of the 5th plenary session of the 13th party Central Committee in the coming 2 years, Shao Qihui said: The core of this guiding ideology is to further implement and promote the work of revitalizing the province through science and technology by firmly and unswervingly implementing the central authorities' principle of improving the economic environment, rectifying the economic order, and deepening reform; and to mobilize the whole party to boost agriculture with a view to striking a basic balance between the total demand and the total supply and making the province's national economy embark on the path of sustained, stable, and coordinated development.

Referring to the relations between the implementation of the strategic principle of revitalizing the province through science and technology and the fulfillment of the goal of improving the economic environment, rectifying the economic order, and deepening reform, Shao Qihui said: The strategic principle of revitalizing the province through science and technology set forth by the provincial party committee last year is a correct strategic policy decision adopted after conducting careful consideration and scientific appraisal. It is a long-term development strategy we must uphold from beginning to end. The short-term arrangements for the principle of revitalizing the province through science and technology are aimed at fulfilling the task of improving the economic environment, rectifying the economic order, and deepening reform, and are subordinated to and facilitate the fulfillment of this task. Under the situation in which we lack financial resources and raw materials, it is impossible for us to depend on a vast amount of money investment to develop the economy. We must, focusing on readjustment of existing resources, fully tap the potentials in existing natural resources, equipment, technology, funds, and talents; extensively popularize the existing mature and applicable technologies; make the most of the existing financial, materials, and human resources; strive to fulfill the goal of invigorating the economy through cuts and making progress amid stability by increasing input in soft environment; and strive to explore, despite our difficult conditions, a way of organically integrating the economic development with the improvement of the economic environment, the rectification of the economic order, and the deepening of reform.

When speaking of the goals of improving the economic environment, rectifying the economic order, and deepening reform, Shao Qihui said: The six-point major goals as defined by the provincial party committee in the programs for improving the economic environment, rectifying the economic order, and deepening reform in line with the guidelines of the decisions of the central authorities are basically compatible with the goals defined by the state. As for the starting point and

principles for our goals, we have primarily based on the following considerations. We have refrained from seeking overly high targets and unsuitable speed. However, refusing to seek such a high target that we can realize through our endeavor represents a practice of being irresponsible to the party and the people. What we should strive to realize is a goal which can produce realistic results, a goal which can help stabilize the economy and the overall situation, and a goal which can bring about practical benefits to the people.

Regarding agriculture, Shao Qihui pointed out: In developing agriculture in the future, we must pay attention to the following several matters: 1) We must regard the principle of giving priority to the development of agriculture as a long-term guiding principle for economic work. By no means should we regard the current attention to agriculture as a temporary wave. 2) We must stabilize policies concerning agriculture, readjust the relations between the interests of the state and the peasants, and further protect and mobilize the enthusiasm of peasants. 3) We must regard the work of boosting agriculture through science and technology and through tapping potential as the basic way to break with the stagnation of agriculture and to further develop agriculture. 4) We must firmly foster the concept of developing agriculture on a large scale. 5) We must comprehensively implement the policy of giving special consideration to agriculture, and try every possible means to increase input in agriculture. In addition, we should exercise control over the increase in rural population, and adhere to simultaneous grasping of production and family planning.

Shao Qihui also gave detailed explanations on the issues on making the market prosperous, stabilizing commodity prices, increasing economic efficiency of enterprises, continuously putting the social demand under control, upholding the principle of double unified management [shuang tong], keeping to the measures of reform and opening, and strengthening party leadership over improvement of the economic environment, rectification of the economic order, and deepening of reform.

This morning's session was presided over by Sun Weiben, secretary of the provincial party committee. This afternoon, the participants discussed and examined in groups the draft programs for implementing the decisions of the 5th plenary session of the 13th party Central Committee.

Jilin CPC 4th Plenary Session Ends 1 Dec

SK0312113989 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 1 Dec 89

[Excerpts] The Fourth Plenary Session of the Fifth Jilin Provincial CPC Committee was held in the city of Changchun from 21 November to 1 December. The plenary session is mainly aimed at studying and implementing the spirit of the 5th Plenary Session of the 13th CPC Central Committee; summarizing the work done over the past year and particularly since the 3d Standing

Committee meeting of the 5th provincial party committee; making work arrangements for 1990; analyzing the situation in a scientific way; discussing countermeasures together; and mobilizing party-member cadres and the people throughout the province to heighten their spirit, to unite as one in struggle, and to strive to fulfill various tasks adopted at the 5th plenary session. [passage omitted]

At the session on the morning of 29 November, the participating members heard the report given by He Zhukang on behalf of the provincial party committee entitled "Work as One, Exert Vigorous Efforts To Make the Province Prosperous, and Strive To Fulfill the Tasks Adopted at the 5th Plenary Session of the 13th CPC Central Committee"; and the report given by Wang Zhongyu, deputy secretary of the provincial party committee, with regard to the province's situation in the economy and the work of further and successfully improving the economic environment, rectifying economic order, and deepening the reform drive. [passage omitted]

At the last meeting of the plenary session, the participating members unanimously approved the resolution adopted at the 4th plenary session with regard to implementing the spirit of the 5th Plenary Session of the 13th CPC Central Committee. [passage omitted]

It was contended at the session that the province had encountered some special phenomena in its work, which mainly include the serious struggle against the riot opposing the party and socialism politically, the economic tasks of improving the environment and rectifying order, the strained situation and many difficulties in both finance and credits, and the unprecedented natural disasters in agriculture. In facing the complicated situation and serious difficulties, party organizations and the broad masses of party-member cadres at all levels throughout the province have worked arduously and scored better results in both the economy and politics by unwaveringly implementing the correct policy decision made by the CPC Central Committee and closely relying on the masses. Prominent points of work done in 1989 are as follows: 1) The idea of maintaining stability has been applied in various areas of work during the year. 2) The view of regarding economic construction as a center has been upheld. 3) Party building and the building of administrative honesty have been stressed. 4) Unifying understanding and heightening spirit have been regarded as a central link in fulfilling various tasks. 5) The role of the party's collective leadership has been brought into full play. 6) The standard of leadership has been upgraded and the work method has been improved. Generally speaking, the province has scored effects in its work, withstood the test, and accumulated some experiences. Meanwhile, the province has encountered some problems while withstanding various tests this year, which should not be neglected and which have cropped up in its work. These problems mainly are that being overanxious for quick results and certain blindness in the economic work still exist; that the ideology of

regarding economic increase as a focus, and the principle of having the economic arena achieve sustained, stable, and harmonious development, have not been sufficiently implemented; that the conditions of agricultural production have been backward; that the capability of the agricultural front in combating disasters has not been strong enough; that output has not been stable; and that the speed of agricultural development has (?not been rapid). In the fields of ideology and ideological and political work, the struggle against bourgeois liberalization has not been (?fully carried out) and insufficient understanding of international hostile forces and [words indistinct] (?still exists). The ideological and political work conducted by the grass-roots level units in some higher educational institutions has been relatively weak. [words indistinct].

It was contended at the session that the country's inner problems put forward at the 5th Plenary Session of the 13th CPC Central Committee also exist in our province. Recently, the province experienced some new economic difficulties, such as the slowdown of industrial production, the stagnant sales of products, the weakening of markets, the decrease of economic results, and the increase of money-losing enterprises. Therefore, it is imperative that we fully understand the current difficulties and those which might occur next year. However, we must note that, in conducting macroeconomic control, these difficulties have cropped up on the advancing road, and we are totally capable of overcoming them.

Tasks adopted at the plenary session include deciding that efforts should be made to implement in an overall way the spirit of the 4th and 5th Plenary Sessions of the 13th CPC Central Committee and of the speech by Comrade Jiang Zemin on National Day; to uphold the party's basic line; to build the two civilizations while regarding as a center the work of improving the environment, rectifying order, and deepening the reform drive to promote stability in the economy, politics, and society; and to achieve improvement and development while maintaining stability. [passage omitted]

Attending the plenary session and among those who attended the session as observers were members and alternate members of the provincial party committee; members of the provincial Advisory Commission; members of the provincial Discipline Inspection Commission; and responsible cadres from various cities, prefectures, and autonomous prefecture.

Liaoning Secretary Visits Iron, Steel Company

SK2611042489 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 23 Nov 89

[Text] Quan Shuren, secretary of the provincial party committee, visited the Anshan Iron and Steel Company yesterday [22 November]. After hearing a report on the company's efforts in improvement and rectification this year, and its plans for the next step, Comrade Quan Shuren fully affirmed its achievements in overcoming

difficulties, reducing and controlling a decrease in the benefits of production, and stabilizing the economy.

Comrade Quan Shuren pointed out: Enterprises should shift their ideas of seeking benefits of scale and growth rates of scale to seeking technological progress and improvement of modern management levels in order to ensure a long period of sustained, stable, and coordinated development in production. Based on actual conditions, Anshan Iron and Steel Company should work out specific goals for its technological progress and improvement of modern management levels, which should be embodied in the entire process of upgrading product quality, reducing energy consumption, and improving production methods. Anshan Iron and Steel Company should have full mental preparations for a few years of austerity. It should make the situation the country is faced with and the difficulties Anshan Iron and Steel Company has known to everyone. It should mobilize the masses of staff members and workers to carry out technical renovation and revolution, use the guidelines of the fifth plenary session of the party Central Committee to boost their morale, concretize the spirit of Anshan Iron and Steel Company, and make new contributions to the endeavor of improvement and rectification.

In that afternoon, Quan Shuren and other leading comrades also visited the seamless steel plant, the cold-rolling mill, and the third steel mill of the Anshan Iron and Steel Company.

Northwest Region

Gansu People's Congress Studies Plenum Spirit

HK2711133089 Lanzhou Gansu Provincial Service
in Mandarin 1030 GMT 22 Nov 89

[Text] The 11th meeting of the 7th provincial People's Congress Standing Committee opened in Lanzhou this morning [22 November]. Provincial People's Congress Standing Committee Chairman Xu Feiqing presided over the full meeting this morning.

First of all, voting by a show of hands, the meeting unanimously approved the agenda of the meeting. Then, the provincial People's Congress Standing Committee Vice Chairman Xing Anmin relayed the spirit of the 5th Plenary Session of the 13th CPC Central Committee and the provincial work conference. Vice Chairmen Yang Fuxing, Wang Daoyi, Ma Qianqing, Li Wenhui, and (Ma Yuhai) and other members, 34 persons in all, attended the meeting.

Governor Jia Zhijie and the responsible persons of the provincial higher people's court, the provincial People's Procuratorate, the working departments of the provincial People's Congress Standing Committee, the relevant departments of the provincial people's government, the People's Congress standing committees of all autonomous prefectures and cities, the liaison offices of the provincial People's Congress Standing Committee in

various localities, and some county People's Congress Standing Committee members attended the meeting as observers.

The meeting also asked 11 citizens from democratic parties and mass organizations in our province to be visitors at the meeting.

In the afternoon, the members studied and discussed in groups the spirit of the fifth plenary session.

Gansu Governor Addresses Work Conference

HK2711062789 *Lanzhou Gansu Provincial Service in Mandarin 1030 GMT 22 Nov 89*

[Text] The 5-day provincial work conference ended in Lanzhou this afternoon [22 November]. The meeting relayed and studied the spirit of the 5th Plenary Session of the 13th CPC Central Committee and the Central Work Conference, discussed the views on: implementing the spirit of the 5th Plenary Session of the 13th CPC Central Committee, further improving the economic environment, rectifying the economic order and deepening the reform in our province, and making preparations for the Third Enlarged Plenary Session of the Seventh Gansu Provincial CPC Committee scheduled to open tomorrow.

The comrades attending the meeting unanimously held: The report relayed by Comrade Li Ziqi has comprehensively summed up the contents of the fifth plenary session. The 5th Plenary Session of the 13th CPC Central Committee was a very important meeting which was of great significance in unifying the ideas of the whole party and the people of the whole country and realizing a sustained, stable, and harmonious development of the national economy and the objective of the four modernizations.

All comrades expressed their firm support for the decision by the CPC Central Committee on further improving the economic environment, rectifying the economic order, and deepening the reform approved by the 5th Plenary Session of the 13th CPC Central Committee and personnel arrangements. In accordance with the requirements of the fifth plenary session they were determined to reach a consensus, inspire revolutionary spirit, overcome difficulties, and make a success of all work in our province.

The comrades attending the meeting also discussed the views of the provincial party committee and the provincial government on implementing the decision by the CPC Central Committee on further improving the economic order, rectifying the economic order, and deepening the reform. They held: The views of the provincial party committee and the provincial government conform to the conditions in our province. They have comprehensively put forward the measures for doing a good job of economic rectification and in-depth reform.

At the meeting, Governor Jia Zhijie made a report on how to implement the decision of the CPC Central

Committee and continuously maintain Gansu's stable economic development. He discussed seven issues:

1. Correctly understand and analyze the current economic situation.
2. Firmly embrace the idea of a sustained, stable, and harmonious development as the guiding thought.
3. Economic rectification is a correct option to extricate ourselves from the economic difficulties.
4. Further deepen the reform in the course of economic rectification.
5. Mobilize the whole party to go in for agriculture in a big way.
6. Speed up the development of basic industries in the course of economic rectification.
7. Continuously make a success of the current economic work.

In his report, Governor Jia Zhijie emphatically pointed out: We are confronted with fairly serious economic difficulties and the situation is fairly complicated. However, these are only temporary difficulties and ones in the course of advance. We have the necessary conditions to overcome them. We have the strong leadership of the party Central Committee with Comrade Jiang Zemin as the core, the superior socialist system, and the party's line, principles, and policies which are heartily supported by the people of the whole country. So long as we fully understand and give scope to favorable conditions, resolutely implement the spirit of the fifth plenary session, strengthen leadership over economic rectification and in-depth reform, step up political and ideological work, bring into play the party's political advantages, and establish firm confidence, we will certainly be able to overcome temporary difficulties, bring the national economy out of the current difficulties, and shift to the track of sustained, stable, and harmonious development while promoting the all-around rejuvenation of Gansu's economy.

Qinghai Reports Grain Procurement

HK2511090689 *Xining Qinghai Provincial Service in Mandarin 2300 GMT 20 Nov 89*

[Text] By 15 November, the province has procured a total of 55.83 million kg of grain, an increase of more than 24 million kg over the same period last year, thus fulfilling 51.2 percent of this year's procurement quota.

Since the beginning of November, the province has procured over 1.1 million kg of grain each day. Statistics show that the city of Delingha and the counties of Qilian, Gonghe, and Dulan have fulfilled their grain procurement quotas; and the counties of Pingan, Xunhua, Jainca, Menyuan, Ulan, and Tongde have fulfilled more than 80 percent of their grain procurement quotas. Viewed from the situation in the whole province, however, most areas, including those which have already fulfilled grain procurement quotas, have been doing quite unsatisfactorily in fulfilling the quotas of grain purchase by contracts. On the other hand, although the procurement of oil-bearing crops has been proceeding

faster than it did last year, only 9.8 percent of the procurement quota has been fulfilled; and only the counties of Xunhua, Jainca, Menyuan, Ulan, and Tongde have fulfilled the oil-bearing crop procurement quota up to over 50 percent.

Shaanxi CPC Committee Holds Plenary Session

*HK3011102789 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 29 Nov 89*

[Text] The Fourth Enlarged Plenary Session of the Seventh Shaanxi Provincial CPC Committee held a meeting yesterday [28 November]. At the meeting, provincial party committee Secretary Zhang Boxing made a report, entitled: Seriously Study the Spirit of the 5th Plenary Session of the 13th CPC Central Committee; Unswervingly Implement the Principle of Improvement, Rectification, and Deepening Reform; and Struggle Hard To Ensure the Unremitting, Steady, and Coordinated Economic Development in Our Province. Provincial party committee Deputy Secretary Hou Zongbin presided over the meeting.

In his report, Comrade Zhang Boxing first pointed out: Correctly analyzing the economic situation of our province and unifying our thinking on the basis of the spirit of the Fifth Plenary Session of the CPC Central Committee is a prerequisite for further doing well in improvement, rectification, and deepening reform. The leaders at all levels, especially the leading comrades at and above the county level, must have a sober and substantial view on the following four issues:

1. While fully affirming the achievements, they must practically and realistically [words indistinct] the seriousness of the questions and profoundly understand the necessity and arduousness of further improvement, rectification, and deepening reform.
2. They must sum up experiences and lessons and firmly establish the guiding ideology of maintaining the long-term, continuous, steady, and coordinated development of the national economy.
3. They must consciously put improvement and rectification in a correct relationship to deepening reform and establish the idea of subordinating the partial and local interests to the interests of the whole and the immediate interests to the long-term interests to ensure the implementation of the [words indistinct] of the central authorities.
4. They must see the favorable conditions, [words indistinct], inspire their enthusiasm, strengthen confidence, overcome difficulties, and make great efforts to accomplish all tasks of improvement, rectification, and deepening reform.

Comrade Zhang Boxing said: To resolutely implement the spirit of the Fifth Plenary Session of the CPC Central Committee and to accomplish the tasks of improvement, rectification, and deepening reform, we must proceed from the realities of our province, base our work on a

long-term plan, place emphasis on the key points, and do well in grasping the current work. At present, we must first vigorously step up agriculture and strengthen the fundamental position of agriculture. [passage indistinct] To step up agriculture, it is now most urgent to step up input in agriculture, including input of funds, science, technology, [words indistinct], and labor. The winter farmland and water conservancy capital construction now universally carried out throughout the province [passage indistinct]. It is necessary to further [words indistinct] the industry mix, [words indistinct] structure, and product mix. Stress must be laid on stepping up the basic industry and daily-use consumer goods industry. It is essential to support the large and medium-sized state-owned key enterprises. There is still a very big gap between our province's main economic indicator and the national standard. In the course of improvement and rectification, we must grasp economic results as a key point of the economic work. We must use the good or bad economic results of an enterprise as a standard to measure whether the enterprise's production is good or bad. We must consolidate the circulation sphere and stabilize the market and prices. We must regard this work as the central work to stabilize the economy and to guarantee social security and grasp it firmly and well.

In his report, Comrade Zhang Boxing emphasized: To stabilize, perfect, and carry out reform, it is now imperative to stabilize many forms of the system of contracted responsibilities with remuneration linked to output, with the system of contracted responsibilities on the peasant household basis with remuneration linked to output as the main aspect. [passage indistinct] We must continue to guide the township and town enterprises to develop steadily and healthily. We must continue to adhere to the system in which factory director or manager assumes responsibility. [sentence indistinct] It is necessary to stabilize the policy of the private sector of the economy, to perfect the management of the private sector of the economy, and to further stabilize and implement the policy toward intellectuals.

In his report, Zhang Boxing demanded: Party organizations at all levels throughout the country must continuously adhere to the four cardinal principles, take a clear-cut stand in combating bourgeois liberalization, vigorously step up the ideological and political work, penetratingly carry on the activities of eliminating pornography and [words indistinct], and uphold social order. We must resolutely punish corruption, strengthen the building of an honest government, and step up party ideological and organizational building. It is imperative to seriously improve the leadership work style and to inherit and to carry forward the Yanan spirit.

Xinjiang Secretary Visits Hospitalized Worker

*HK2511082489 Urumqi Xinjiang Regional Service
in Mandarin 1230 GMT 21 Nov 89*

[“News feature” by reporter (Qi Linqing)—“Cordial Greetings”]

[Text] On Sunday, 19 November, it was very quiet in a sickroom of the Urumqi General Hospital of the Lanzhou Military Region, but An (Qingling), a national model worker who was lying on her sick bed, was very excited. In the morning, eight Young Pioneers and junior middle school students of the Urumqi No 19 Middle School came to offer An (Qingling) a fresh bouquet of flowers and a music card in token of their genuine regard for her. This took An back to her childhood.

While she was immersed in happy memories, at about 1400 in the afternoon Song Hanliang, secretary of the Xinjiang Uygur Autonomous Regional CPC Committee, pushed open the door of the sickroom and cordially asked: Xiao An, do you feel better now? An turned round and exclaimed: So it is you, Secretary Song! Secretary Song went up, grasped the hands of An (Qingling), and asked her to lie down. Then he asked in a low voice how An got hurt and what medical treatment she had been receiving. Then the secretary said with great concern: You are a national model worker. You have made

contributions to the party and people. Now that you are injured, all the people are concerned about you. We will not forget you.

Then Secretary Song said to the medical workers who were taking care of Comrade An (Qingling): Thank you for your painstaking care of An (Qingling). With her in your hands, we may set our minds at rest. At this moment, An (Qingling's) old mother happened to enter the sickroom to see her daughter. Comrade Song Hanliang hurriedly walked up to her, held her hands, and said: You have brought up a good daughter for the party and country.

Before the secretary left, he urged the old woman to take good care of herself and said to her: Please call me if you need any help and we will help you solve any problem. People of all nationalities in society are concerned and worry about An (Qinling). We all hope she will recover soon. Tears in her eyes, An (Qingling) watched the secretary leave the sickroom. Like hundreds of ordinary people in Urumqi who showed concern for An (Qingling) and came to see her in the hospital, Comrade Song Hanliang left warmth and sincerity in her heart.

Radio Talk Criticizes Diplomatic Measures

*OW281131589 Beijing in Mandarin to Taiwan
0205 GMT 27 Nov 89*

[“Rambling Talk on Current Affairs” by Wen Liang:
“The So-Called New Diplomatic Work of the Authorities in Taiwan”]

[Text] Everyone knows that, following the 2d Plenary Session of the 13th Central Committee of the Kuomintang [KMT], the authorities in Taiwan have gone all out to accomplish what they call new diplomatic work. In an attempt to challenge the mainland's one country, two systems proposal, they have made great efforts to escalate their foreign relations, which are based primarily on substantive diplomacy, and to implement their proposal for one country, two governments. By doing so they hope to achieve a breakthrough in the diplomatic sphere. At the same time, they have time and again pointed out that there is but one China, and that China must be reunified. They say that the ultimate objective of the Republic of China's foreign policy is to safeguard the integrity of national sovereignty and to remind countries in the world that they should readjust their myopic China policy and promote long-lasting international peace through reciprocity.

This principle, which is self-contradictory and full of loopholes, cannot but make people feel that the so-called new diplomatic work runs counter to all countrymen's aspirations for national reunification.

First, just how new is this new diplomatic work which the authorities in Taiwan have advocated so energetically? It is not hard to see from what they have done recently that the new work is nothing but a rehash of their so-called flexible diplomacy and dual diplomatic recognition. Let us set aside the differences between the KMT and the CPC and take a look at the law of historical development of the Chinese nation. We can see that people who are dedicated to the cause of national reunification go down in history and are hailed by the coming generations, and that people who do the opposite are remembered as villains.

Although the authorities in Taiwan have time and again stated that there is but one China and that it must be reunified, in deed they have obstinately upheld their one country, two governments stand and insisted on countering communism, rejecting peace talks, and turning down direct links in mail, air, and shipping services. Internationally, they have been active everywhere in the world trying to buy diplomatic recognition with huge sums of money in a vain attempt to gain legitimacy in the international community. Let me ask: How can a country have integrated sovereignty if it has two governments? The actual effects of this proposal will only boost the arrogance of the proponents of Taiwan independence and continue to divide the country. Fundamentally speaking, therefore, this proposal goes against the principled stand that there is but one China and that China

must be reunified. It also goes against the strong aspirations of all countrymen in China, including countrymen in Taiwan, for reunification.

Second, the governments of Grenada, Liberia, and Belize, disregarding the solemn and just stand of the Chinese Government, have recently established so-called diplomatic relations with the authorities in Taiwan. The authorities in Taiwan have also gone all out to advertise this as achievements of their new diplomatic work. Everyone knows, however, that these new achievements are soaked with the sweat and blood of the taxpayers in Taiwan. According to newspapers in Taiwan, Taiwan paid \$240 million to Liberia in exchange for the establishment of diplomatic ties with that country. These papers also openly admit that this is not the first time that Taiwan has bought diplomatic recognition with money. A senior official of Taiwan's Ministry of Foreign Affairs has even declared that Taiwan would spend \$20 billion of its foreign exchange reserves to buy the recognition of 100 countries. Let us not discuss whether it is honorable to buy diplomatic recognition with money. People hold such money diplomacy in contempt because of its pernicious influence.

Everyone knows that the government of the People's Republic of China is the only legitimate government of China, and that Taiwan is an inalienable part of Chinese territory. This is a basic fact acknowledged by the whole world. We also know that reunifying the motherland and rejuvenating China are the wishes shared by people on both sides of the Taiwan Strait. The authorities in Taiwan, however, have gone against the historical tide and spent Taiwan people's hard-earned money to create one China and one Taiwan, or two Chinas. How can this so-called new work—the work of spending large sums to buy the accusation of separating the country—deserve to be shown off? As for the claim that Taiwan would spend its foreign exchange reserves to buy the recognition of 100 countries, this is no more than wishful thinking that the world community considers ludicrous.

Third, since its founding in 1949, the government of the motherland has once and for all put an end to the rule of the exploiting and oppressive classes that had gone on for several thousand years on the Chinese mainland, as well as ended the long history of the Chinese people being bullied by imperialists. The past 40 years are a period about which the Chinese people can feel proud and elated, have been able to take the initiative in their own hands, and can play an increasingly important role in world affairs. During the past 10 years, in particular, the nation's reform and open policy has greatly accelerated the nation's economic construction, which has won the endorsement and acclamation of the majority of countries in the world.

However, ignoring the great cause of rejuvenating the country and the people, the authorities in Taiwan, which feel content to exercise sovereignty over a small part of the country, now demand that countries adjust their myopic China policy, forsake the strong People's

Republic of China, and recognize the government in Taiwan instead. Such anomalous clamors are no different from the ravings of an idiot.

As far as the Taiwan issue is concerned, the stand of the government of the motherland is a solemn and just one, namely: There is but one China—the government of the People's Republic of China, which is the only legitimate government representing the whole of China—and Taiwan is an inalienable part of Chinese territory. The great cause of achieving national reunification cannot be stopped by any force. This being the case, any attempt to create one China and one Taiwan or two Chinas will never be successful. We believe that people with foresight will never disregard the only legitimate government of a country that has 1.1 billion people and fulfill the so-called moral obligations on behalf of the Republic of China, which does not have confidence in itself.

It is easy to see, therefore, that the so-called new diplomatic work concocted by the authorities in Taiwan is nothing but a tactic of creating one China and one Taiwan, or two Chinas. Spending large sums to buy diplomatic recognition may lure a few countries to establish diplomatic ties with the authorities in Taiwan, but as far as the majority of countries in the world are concerned, it is nothing more than making Taiwan a laughingstock.

This being the case, allow us to give this piece of advice to the authorities in Taiwan: The only way through which Taiwan can rejoin the international community is to integrate Taiwan's future with the mainland's development. Any other act of separating the motherland will be a dead end.

Radio Commentator Views Taiwan Elections

OW0212153789 Beijing in Mandarin to Taiwan
1500 GMT 23 Nov 89

[Station commentator's article: "Assessing the Situation of the Election in Taiwan"]

[Text] The formal election campaign activities for the three kinds of public functionaries on Taiwan started on 17 November. There are only a few days left before the election on 2 December. People are very concerned about the fierce election campaign as election day nears and about the results of the general election. A total of 724 candidates will vie for 293 vacancies in the Legislative Yuan, the Taiwan Provincial Assembly, the city councils, and mayoralties and county commissionership.

At present, 19 of the 38 political parties in Taiwan have recommended candidates for election. This is an election with an unprecedented number of candidates in the history of Taiwan. The campaign between the ruling and opposition parties is very fierce. Although nearly 20 opposition parties are taking part in the election campaign, the Democratic Progressive Party is the only leading force vying for the vacant seats.

Looking at the overall situation, we can see that the Kuomintang maintains relatively strong political clout. According to an estimate by analysts, the Kuomintang is relatively assured of winning about 70 percent of the votes. The overwhelming majority of seats in the Legislative Yuan, the Taiwan Provincial Assembly and city councils will still be occupied by the Kuomintang. It is estimated that the Democratic Progressive Party may win about 20 seats.

The Democratic Progressive Party is stressing the mayoralties and county commissionerships in this election campaign. It is generally believed that among the 21 mayorships and county commissionerships open, the Democratic Progressive Party may win five to six seats.

Analyzing the situation in an objective manner, we can see that, although the Kuomintang has the force to prevail over the opposition parties, there are still some unforeseen factors. In the past, the ruling Kuomintang could use various means to threaten or lure the local factions and social forces and control the situation. Following the development of democracy and pluralization of parties, the Kuomintang's control as an authoritative party is weakening. It finds it difficult to control the forces of various factions. The Kuomintang is even hesitant to handle the rampant activities of the Taiwan Independence Movement in accordance with the law. The Kuomintang itself is no longer as solid as before. After the preliminary election, the struggles among various factions within the party have become quite apparent.

In recent years, the situation of inequality in the distribution of wealth has worsened. This will also have a big influence on the election. The rumors of political donations and the buying of votes are spreading in various localities. Efforts to stop election by means of bribery are no barrier to the great pressure of money. The forces of violence and darkness also have a conspicuous influence on the election. In short, the situation of the forthcoming general election is quite complicated. The results of the election remain to be seen by those who are concerned about the political situation on Taiwan.

Li Huan Says Government to Strengthen Reforms

*OW0412184589 Taipei CNA in English 1530 GMT
4 Dec 89*

[Text] Taipei, Dec. 4 (CNA)—Premier Li Huan said Monday that the increased number of seats won by non-Kuomintang candidates would prompt the ruling party and government to undertake even more serious reforms.

"The ruling party will not disappoint" the 60 percent of the voters who supported it, the premier stressed when asked to comment on the impact of the Dec. 2 elections on the KMT government.

Li said the government and ruling party would "review" the election results and incorporate the opinions of candidates into government policy.

He attributed the ruling party's declining vote total to the social pluralism made possible by the lifting of martial law in July, 1987.

"Now the people have varied opinions and they select their candidates from different angles," he said, adding that although the election results are somewhat related to policy, they are more related to the "performances of individual candidates."

As to the election of a number of "New Country Alliance" members who advocate Taiwan independence, Li said their election was the result more of "individual performance and other social factors" than by voter sympathy for their political views.

When asked how the Executive Yuan would cope with the new Legislative Yuan and its 20-plus opposition lawmakers, the premier observed that "although there may be differences of views among the legislators, they share the goal of seeking national development and social well-being."

Concerning the relationship between the central government and local governments, now that seven counties and cities will be headed by non-KMT executives, Li said he hoped all people as well as "those responsible for national affairs" will respect the rule of law.

"If everything goes according to the law, problems will become simple," he noted.

He emphasized that election and police authorities will deal with violence and vote-buying practices according to the law.

Further on Election Results, Disputes

*OW0412141989 Taipei International Service
in English 0200 GMT 4 Dec 89*

[Text] The 1989 general election results were finally published at 0825 am on Sunday morning after some 16 hours of ballot counting. The Kuomintang [KMT] won 14 of the 21 county magistrate and mayor seats; the

opposition Democratic Progressive Party [DPP] won 6. The KMT won 72 of the 101 legislative seats in the parliamentary election, with the DPP winning 21 seats.

The newly elected mayors, county magistrates, and legislators will take on their new posts starting 1 February, while the provincial assemblymen will assume their posts on 20 December. The Taipei and Kaohsiung city legislators will start on 25 December.

For this year's general election, the overall turnout for voters was 75.4 percent, with 74.85 percent for parliamentary legislators, 75.45 percent for city and provincial assemblymen, and 75.9 percent for mayors and county magistrates.

The long delay in publishing the election results was caused by scuffles breaking out in Tainan and Hsinchu areas with DPP supporters charging that there was fraud and that a recount be conducted. In one of the polling centers in Hsinchu City, voters questioned the ballot counting procedure and prevented ballot counting from continuing for several hours. Not until 0633 am did the election committee finish the ballot counting under the supervision of the Hsinchu prosecutor. Whereas for Tainan County, DPP supporters were upset that ballot counting took too long and accused that the committee was purposely delaying publishing the results. The rioters took hostage two chief executive officers in the election committee in Tainan county before midnight. They demanded that the government should make an immediate announcement that DPP candidate Li Tsung-fan has won even though the ballots have not been completely counted. The conflict intensified as the election committee chief refused to yield, stating that the committee had only finished counting ballots in twenty-some villages and towns and that there were still ballots in eight villages to be counted. It was not until 0710 am in the morning that all the ballots were processed through the provincial ballot counting center. The election result was finally published at 0825 am with the KMT candidate Li Ya-Chiao winning the county magistrate seat.

Li Huan Stresses Importance of Economic Progress

*OW2611022789 Taipei CNA in English 1456 GMT
25 Nov 89*

[Text] Taipei, Nov. 25 (CNA)—Economic development will remain the most important part of the Republic of China's [ROC's] future national reconstruction, Premier Li Huan said Saturday.

Speaking at the opening ceremony of the 54th annual meeting of the Chinese Institute of Engineers, Premier Li said the government will continue to improve the domestic investment climate and to undertake public construction projects.

An overall plan will be mapped out for environmental protection, and more tourist resorts will be developed.

The privatization of state-owned enterprises will proceed according to schedule, Li said.

Li praised ROC engineers for the indispensable role they played in the nation's economic development during the past four decades.

Officials Criticize 'New Country' Movement

OW2611080589 Taipei CHINA POST in English
21 Nov 89 p 15

[Text] Two high-ranking officials yesterday criticized advocates of the "new country, new constitution" movement as "irresponsible" and "impractical."

Ma Ying-jeou, former deputy secretary-general of the ruling Kuomintang (KMT) and current chairman of the Research, Development and Evaluation Commission, and James Soong, secretary-general of KMT, said the majority of residents do not support this movement, basically a call for an independent Taiwan state, because it "puts Taiwan at risk" from communist China.

In response to the radical movement, Ma quipped his own "Three No's" policy: no justification, no feasibility, and no need.

The traditional "three no's" constitute the government's basic policy toward communist China of no contact, no negotiation and no compromise.

Ma explained that China has existed as a country for several thousand years, and that there is no justification to divide it.

Oppositionists have raised the call for a "new country and new constitution," or an independent Taiwan—an anathema to both Taipei and Peking. Some Taiwan independence advocates earlier this month formed the "New Country Alliance" (NCA), which is fielding 32 candidates in the year-end election.

Ma said advocates of a divided nation were "irresponsible" for not taking into consideration Peking's [Beijing] possible reaction. Communist authorities have threatened to attack Taiwan if it declares independence.

The Constitution can be revised, Ma said, but it is unnecessary to establish a new country. Founding a new country would only put Taiwan at risk, making the proposal "infeasible."

Within Existing Framework

He added that in the wake of democratic reforms, the government is trying its best to introduce improvements within the existing framework. Mainstream opposition Democratic Progressive Party (DPP) members also share the same philosophy, he said.

He added that those who really care about the future of Taiwan would reject the "new country" proposal.

James Soong, secretary-general of the KMT, said in an interview with the Hong Kong-based ASIAWEEK this week that the majority of residents oppose Taiwan independence.

He said the NCA basically stood for Taiwan independence, which violates the law and endangers the nation.

Addressing a DPP proposal to increase the power of regional government, Soong said it was "equally impractical" because it would only create friction between central and regional governments.

All country commissioners, regardless of their party, must cooperate with the central government, Soong added.

The KMT's No. 2 man also ruled out the possibility of forming a coalition cabinet with the DPP, "because the KMT can win at least 70 percent of the votes" in regional and parliamentary elections Dec. 2.

Four Percent Support

He said it has always been the policy of both the ruling party and the nation to oppose communism, a divided nation and revocation of the Constitution.

Meanwhile, a survey by the World College of Journalism showed that only 4 percent of 432 local residents polled supported Taiwan independence. A total of 81 percent were against it, while 15 percent had no comment.

Mainland People Urged To Resist Communist Rule

OW2611050589 Taipei Domestic Service in Mandarin
2300 GMT 14 Nov 89

[Text] (Yueh Wu), former general commander of the Peking Self-Government Workers Union, issued a letter to his compatriots, noting that since they came to power, the Chinese communists have completely forgotten about the promises they made. He urged all the people on the mainland to use every possible means to overthrow the communists' dictatorial rule and establish a new China that enjoys democracy and freedom and safeguards human rights.

(Yueh Wu) was director of an ironworks of the Yang-chuan Aluminum Plant in Shansi. In his talk, he stressed that what Teng Hsiao-ping [Deng Xiaoping] maintains is the darkest, most reactionary, and most brutal fascist dictatorial rule in history, while the people have only the obligation to be dumb slaves. Therefore, he urged the public on the mainland to unite in their actions to safeguard China's dignity.

(Yueh Wu) said: [Begin recording] They are ready to sacrifice the overall interests of 47 million Communist Party members and the entire Chinese nation in order to safeguard their selfish interests. Time and again, they have fomented inner-party struggle, incited nationwide turmoil, and trampled upon party discipline and the Constitution that they themselves formulated. State

president as well as chairman and general secretary of the party Central Committee may be persecuted to death, removed, put under house arrest, apprehended, and punished at will. The general public and the ordinary citizens have only the obligation to be dumb slaves, and do not have the right to express their thoughts and feelings. Now people throughout the world are watching over Teng Hsiao-ping's tanks and machine guns and are waiting to see if the Chinese people dare to rise again in resistance.

We, the Chinese people, should offer our flesh and blood in exchange for our nation's dignity. We should prove ourselves worthy of our predecessors and our native soil.
[end recording]

Taiwan Dissident Leader Sent Back to U.S.

*OW2611073289 Taipei International Service
in English 0200 GMT 21 Nov 89*

[Text] Law enforcement authorities here late on Sunday [19 November] deported a Taiwan-born dissident leader to the United States after he was apprehended at the Taipei International Airport. (Hung Shih-ju), acting chairman of Taiwan Independence Movement overseas chapter, allegedly tried to sneak into Taiwan with another person's passport. Police officers said that immigration officials at the airport discovered that Hung's photo, which was attached to the passport carried by the dissident leader, did not match the identification of the person to whom the passport was issued. After questioning, Hung was sent back to the United States on the departing flight.

Commentary Compares Soviet, PRC Reform Policies

*OW261112089 Taipei International Service
in English 0200 GMT 23 Nov 89*

[Station commentary by Joanna Fu: "Gorbachev on Eastern Reform"]

[Text] Move aside E.F. Hutton, now, when Gorbachev speaks, everyone listens. That certainly is the case, and everyone wants to hear his views on the tidal wave of change that has swept across the East bloc in recent weeks. This is a commentary for the Voice of Free China. I am Joanna Fu.

After a meeting with Canadian Prime Minister Brian Mulroney in the Kremlin, Gorbachev emerged to face questions on that very subject, and held nothing back in

saying he fully supported the East bloc reforms. Naturally, that is what everyone wanted to hear. Gorbachev is laying to rest many fears that a Prague Spring-style crackdown is inevitable.

Gorbachev said he thinks the "changes underway now are consistent with the overall context of the changing world, a world that is changing in both the East and the West."

And, in a statement that is sure to rouse the attention of the Free World, Gorbachev said: "I think change is very important, and the importance of the change will be that it will create a better society, a more open society, and more democratic society."

One reason Gorbachev's support for reforms in the East bloc seems genuine is because he is pushing hard himself for reforms at home. This was made clear by another reshuffle in the top Soviet Communist Party leadership. The Moscow party chief, who had resisted Gorbachev's reforms, was replaced this week, boosting the Gorbachev forces which now control the levers in Soviet society.

While his efforts at reform at home and abroad seem genuine, observers still tend to disagree about his motives. Hawks say he's just buying time, putting the Free World to sleep, gathering steam for a second wind before Moscow lashes out again.

Doves say Gorbachev is the first Soviet leader to understand the writing on the wall of that country's precarious economy, and that he is doing what is absolutely necessary to save his country. Doves, ironically, credit former U.S. President Ronald Reagan for having forced Gorbachev's hand on this issue. By launching a massive military build-up in the early 1980's, Reagan made it clear that the Soviet Union could not keep up with the West technologically or militarily, if the West put its mind to a build-up. The arms race put tremendous pressure on the already bankrupt Soviet economy. This, the doves say, is what motivates Gorbachev.

Unfortunately, not all communist leaders have got the message. In communist China, for instance, the chief of the Communist Party gave a speech of his own on the subject of reform, only taking the opposite line of his counterpart in the Kremlin. The party boss, Chiang Tse-min [Jiang Zemin], reiterated again that communist China would not only resist reform, but would return to Maoism. He said communist China needs to return to the study of Marx, Lenin, and Mao to combat the rampant influence of Western ideas in Mainland China. Similar calls have been heard in Cuba, North Korea, and Albania, rounding out the gang of four communist hardliners.

Gorbachev is bound to be a survivor because he is swimming with the tide of change. The Chinese communist leaders in Peking will eventually be drowned by the tide.

Youth Exchanges With PRC Resume

*HK2811031789 Hong Kong HONGKONG STANDARD
in English 28 Nov 89 pp 1, 3*

[By Tammy Tam]

[Text] After more than five months' suspension since June 4, youth exchanges between Hong Kong and China have resumed.

A six-member delegation from the All-China Youth Federation (ACYF) began a one-week visit to the territory on Friday.

The delegation will not, however, meet the Hong Kong Federation of Students (HKFS), the most influential local student organisation, which strongly supported China's pro-democracy movement and openly condemned Beijing for its brutal crackdown.

The group's seven-day schedule includes visits to local youth, women's and children's organisations, and sightseeing.

Visiting mainland youth groups usually met the federation in visits before June 4.

This time, the group will visit only one post-secondary institution, the City Polytechnic—the only one whose students are not affiliated to the HKFS.

Federation chairman To Kwan-hang said last night he was not aware of the visit and regretted the group did not contact him, given that its purpose was to promote exchanges.

"In the past, the HKFS received quite a number of such delegations including those from ACYF. I think they chose not to visit other colleges, only City Polytechnic, because they intend to avoid any possible contact with affiliates of our organisation.

"We would like to exchange views on the June 4 incident with them. However, we were told by certain Chinese officials that our organisation has been listed as an unwelcome one because of our activities in the pro-democracy movement."

Chinese officials yesterday said the HKFS was not contacted because it had a closer relationship with its mainland counterparts, the All-China Students Association, than with the ACYF.

The delegation's leader, ACYF vice chairman Sun Jiayong, said yesterday they were happy they could visit. "I want to extend our thanks to friends in Hong Kong and hope exchanges between us can be strengthened in the future."

Local XINHUA News Agency Youth Work Office Secretary Chi Wei-dong, who accompanied the group, said the visit was to promote exchanges interrupted by the June 4 incident.

He said about 30 similar programmes were cancelled after June 4. This group from branches in Tianjing and Shanghai was the first since June.

They were invited by the Hong Kong Jaycees, who visited Beijing last year.

Hong Kong youth were among the most active groups to support the spring student-led pro-democracy movement in China. The visit from the most influential youth organisation in China reportedly was a Beijing initiative to mend relationships between mainland and Hong Kong youth.

Yesterday they met 30 local youth organisations including the Hong Kong Federation of Youth Groups, Hong Kong Council of Social Service, the Youth Committee of Chinese General Chamber of Commerce and Caritas.

Mr Chi said he was confident the negative influence on exchanges caused by the June 4 incident would wane with this visit, noting that youth visits from Guangdong and Inner Mongolia were set for early next year.

**END OF
FICHE**

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